

Roche and Sandoz were marked down after forecasts which analysts said were in line with expectations. Roche fell 1.25p to 157.50p, while Sandoz fell 1.25p to 157.50p. Banks and insurers remained supported by hopes for lower interest rates. The FTSE 100 rose 1.25p to 3,106.6. The FTSE 100 rose 1.25p to 3,106.6. The FTSE 100 rose 1.25p to 3,106.6.

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Weekend FT

Inside section II



The land of the rising football



Under Prague's historic skin



Battle to join Brazil in the World Cup



The Prozac culture Pop a pill and get a new personality?

FINANCIAL TIMES

WEEKEND OCTOBER 9/OCTOBER 10 1993

Bitter debate over handling of Moscow uprising

A bitter debate is brewing within the Russian government as details emerge of the Russian army's long period of inactivity during last Sunday's bloody uprising. The government of President Boris Yeltsin (left) was utterly unprepared for any kind of armed attack, and the army debated for hours whether it should "become involved in politics" while armed supporters of the banned parliament roamed Moscow, capturing the mayoral offices and attacking a television centre. Page 24; Russia may vote on constitution, Page 2; Membership up at reform club, Page 9

US jobs figures boost bonds: US bond prices rose sharply after the Labour Department said unemployment was unchanged at 6.7 per cent and reported a lower-than-expected rise in non-farm jobs. Page 3; Lex, Page 24

Asylum seekers in UK: Asylum seekers in the UK can lawfully be denied the right to claim refugee status after fleeing persecution in their homeland if they first set foot in a "safe" third country, the High Court ruled, "however undesirable it might be on humanitarian grounds".

US soldiers' bodies recovered: The bodies of two more US soldiers were recovered from Sunday night's street battle in the Somali capital, Mogadishu, raising the death toll to 15. Ghost of Vietnam looms over Clinton's muddle, Page 3

BNFL cleared of leukaemia link: British Nuclear Fuels was cleared by the High Court of allegations that radiation from its Sellafield reprocessing plant in Cumbria had caused leukaemia in children by damaging the genes passed on by their fathers. Page 4



Lucas offers chief executive post: Lucas Industries, the troubled UK automotive and aerospace components company, has offered the post of chief executive to George Simpson, deputy chief executive of British Aerospace and chairman of Rover Group. Its vehicles subsidiary. It is understood Mr Simpson has still not decided whether to accept the job. Page 24

UK may quit central bank race: Britain appears ready to drop its claim to base the European Monetary Institute, the core of the future European central bank, in London, clearing the way for a deal to locate the EMI in Frankfurt. Page 2

Bhutto claims sufficient support: Benazir Bhutto, leader of the Pakistan People's party, said she would form the country's next government, but her arch rival, Nawaz Sharif, refused to concede defeat, despite the lead won by Ms Bhutto in Wednesday's elections. Page 3

Labour tension in Japan: The call by Japan's trade union movement urging employers not to cut jobs and wages underlines emerging labour tension in the country. Page 3; Currencies, Page 13

Automated Security (Holdings), the international electronic security systems company, saw shares plunge nearly 23 per cent after the group issued a profits warning. In a related development, de Zoete & Bevan, ASH's joint stockbroker for 10 years, resigned in a dispute over the group's enhanced scrip dividend. Page 10

Hi-Tec, the sports and leisure wear company, returned to the black in the six months to July 31, with pre-tax profits of £776,000 against losses of £2.8m, thanks partly to strong growth in the US. Page 10

STOCK MARKET INDICES		STERLING	
FTSE 100	3,106.6 (+16.2)	New York lunchtime	1,338.8
FTSE 100	3,106.6 (+16.2)	London	1,336.0 (+2.2)
FTSE 100	3,106.6 (+16.2)	DM	2,465.0 (+2.7)
FTSE 100	3,106.6 (+16.2)	SP	2,157.5 (+2.1)
FTSE 100	3,106.6 (+16.2)	Y	162.0 (+0.0)
FTSE 100	3,106.6 (+16.2)	Z	80.9 (+0.0)
FTSE 100	3,106.6 (+16.2)		

Continued on Page 24

Appeal on law and order, family and responsibility gives prime minister breathing space

Major urges party to unite behind traditional values

By Philip Stephens and Nor Owen

MR John Major won a breathing space for his premiership last night after a successful plea to the Conservative party at its Blackpool conference to unite behind its traditional values. In a speech tailored to the pre-occupation of the party faithful with law and order, the family and individual responsibility, the prime minister dismissed speculation about his hold on the leadership.

Referring to the furore this week over Lady Thatcher's forthcoming memoirs, he joked: "I'm not about to write my memoirs." He added: "There is a job to be done, a job I was elected to do. And I propose to go on doing it." In a thinly veiled rebuke to his critics on the back benches, he continued: "We cannot have a lobby against every difficult decision. Decisions are what governments are for and we have to take them." Mr Major then made a deliberate pitch to cement an alliance with the Ulster Unionists that could effectively double his thin majority at Westminster. He flatly rejected any prospect of negotiations with the IRA or Sinn Féin as long as they were responsible for or supported violence. Emphasising his commitment to the Unionist majority, he added: "We are not going to bargain away the people's democratic rights."



Eyes left: cabinet ministers enjoying an anti-Labour video before the prime minister's speech

Postel bid to rescue Greycoat rejected

By Richard Gourley

THE £120m plan to rescue Greycoat, one of Britain's most audacious and acclaimed property developers of the 1980s, was yesterday roundly rejected by bond and shareholders.

The failure of the bid from Postel, the UK's largest pension fund, leaves Greycoat on the brink of liquidation and in default on its debts.

The decision is also a setback for Mr Alastair Ross Goobey, Postel's chief executive, who had taken a particularly high profile in an attempt to enlarge the pension fund's position in the recovering UK property market.

Greycoat will now have to seek a further waiver to allow it to further defer interest payments already deferred while investors considered the Postel proposals.

In heated meetings, two classes of investors rejected the rescue bid: preference shareholders and holders of zero coupon bonds, which offer capital gains instead of interest payments.

The dissenting investors claimed that Postel had undervalued Greycoat's properties, which include the prestigious Embankment Place, above London's Charing Cross Station, and Britannia House, where BP is the tenant.

They also claimed Greycoat had consistently refused to give investors the information they needed to evaluate the Postel deal and that it had failed to take into account the rise in the property market since the bid was first formulated.

Greycoat's board had warned that rejection of Postel's offer would most likely lead to liquidation as the company would be unable to meet payments on

Brussels may prosecute UK over television curbs

By Andrew Hill in Brussels

THE European Commission is one step away from prosecuting Britain in the European Court of Justice for imposing too many controls on foreign satellite and cable television broadcasts into the UK.

The Commission has written to the UK government giving it two months to comply with the EC's "television without frontiers" directive or face court action.

Brussels is considering sending similar letters to France, Italy, Belgium and Spain accusing them of various potential breaches of EC law. Italy, for example, is said to have ignored the obligation to separate advertising from normal programmes, while Spain has not implemented the legislation at all.

The Commission is understood to be worried that the principle of a single "passport" for satellite and cable TV broadcasters is being undermined by some EC countries' attempts to impose additional regulations on foreign broadcasters.

Belgium and Spain accusing them of various potential breaches of EC law. Italy, for example, is said to have ignored the obligation to separate advertising from normal programmes, while Spain has not implemented the legislation at all.

The Commission is understood to be worried that the principle of a single "passport" for satellite and cable TV broadcasters is being undermined by some EC countries' attempts to impose additional regulations on foreign broadcasters.

National officials have replied that the original directive was confusing and ambiguous. They point out that all 12 member states were accused of breaching the directive when the Commission first threatened court action a year ago.

The main complaint against Britain is that foreign satellite and cable broadcasters have to get a licence from the Independent Television Commission in the UK, even if they have already been authorised by another member state. But at the same time,

companies transmitting to member states outside the UK do not have to comply with British law and, according to the Commission, could escape EC regulation.

The directive, in force for two years, sets minimum standards on advertising and to protect children from broadcast pornography and violence. EC states can impose stricter standards on their broadcasters but cannot hamper cross-border TV services from other countries if they meet the minimum rules.

Britain has also come under scrutiny from Brussels for granting a licence to the recently launched TNT & Cartoon Network, a US-owned film and cartoon satellite channel.

France, resisting the spread of US-made films and TV programmes across Europe, has outlawed TNT & Cartoon Network. Belgium has followed suit. They believe it does not meet the EC requirement that broadcasters devote a majority of transmission time to "European works".

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Palestine scores a winning state debut

By David Horowitz in Jericho

NEVER mind secret talks in Norwegian farmhouses, White House handshakes or the Cairo summit.

The real process of Palestinian self-determination began yesterday at a Jericho football stadium, a grassless dust-bowl set in the rolling reddish-brown hills outside the city.

The Palestine national football team took to their home field for the first time in almost 50 years to play a French national side.

True to the dawn spirit of West Bank enterprise, a light aircraft buzzed back and forth carrying a banner advertising the services of a building contractor in the neighbouring town of Nablus.

The French fielded a team packed with veterans from their 1980s glory years, with Michel Platini, once one of Europe's finest players, still the cultured maestro in midfield. The Palestinians, typically, had their side chosen by committee - the players picked from their West Bank and Gaza leagues.

"This is more than a soccer match," said Mr Saev Erakat, the Palestinian peace negotiator who acted as master of ceremonies from atop a wobbly wooden

stand at one end of the pitch. "This marks the beginning of the state."

"For the first time in most of our lives," added Mr Nabil Abu-Znaid, a Hebron university official sitting nearby, "we can today carry our national flag, sing our national anthem, cheer our national team. This is the kind of event that turns people's minds from the depression of the occupation to the optimism of state-building."

Inevitably this "meeting of sport and peace," as it was billed, under the distant "patronage" of President Yassir Arafat, was a chaotic affair. But it was good-natured chaos.

The ground is supposed to hold 4,000 spectators, but there were many times that number present, pushing right up to the touchlines. An attempt by the Palestinian players to loosen up before kick-off prompted a pitch invasion. Locals dragged players away for hugs, kisses and photographs. The team beat a hasty retreat to the dressing rooms.

Half-an-hour after the scheduled kick-off time Mr Erakat and his cohorts at the microphone were still appealing for the crowd to clear the pitch, but the

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Lex	Int. Companies	London SE	Wall Street Journals

NEWS: INTERNATIONAL

Steel threat to global trade talks

By Frances Williams in Geneva and Nancy Durne in Washington

THE Uruguay Round of global trade talks has received a setback following the failure of leading steel producing nations this week to make progress on a multilateral steel agreement.

The 36-nation talks, which began on Tuesday, broke up yesterday with no date set for the next meeting. The conclusion of a steel agreement by December 15, the deadline for the Uruguay Round, has been made a condition for eliminating all duties on imported steel between the main traders as part of a broader tariff-cutting agreement.

In Washington, however, a US trade spokesman said no breakthrough had been expected at this week's multilateral steel talks. A source close to the talks said no substantive developments were likely until November.

A multilateral steel agreement would eliminate direct barriers to trade in steel over 10 years and dismantle most subsidies to the troubled industry, barring those for environmental improvements, research and development, plant closure and retraining. However, to the anger of the European Community and other steel exporters, the US wants to retain the right to challenge these under its domestic anti-subsidy laws.

Trade officials said the US had shown no softening of its position. This dashed hopes before the meeting that the decision by the US International Trade Commission last July to dismiss most of the 72 anti-dumping and countervailing duty suits brought by US steel companies would create a better atmosphere.

Failure to abolish steel duties could upset bargaining in other areas, such as improving market access across the range of goods and services. Market access problems are expected to head the agenda

It would be "untenable" for the US-EC deal on farm subsidies, known as the Blair House accord, to be modified in any way without jeopardising the entire Uruguay Round, Mr Peter Cook, the Australian trade minister, said yesterday, writes Nikki Tait in Sydney. He was speaking before leaving for trade discussions in Brussels and a Cairns Group meeting in Geneva.

David Owen adds: Mr John Major, the British prime minister, also warned yesterday of the consequences for the world economy if the Uruguay Round collapsed.

Speaking at his Conservative party's conference in Blackpool, Mr Major warned: "You are playing with fire." If the talks collapsed in two months' time, it could unleash "protectionism, poverty and unemployment on a scale we haven't seen since the 1930s".

When Mr Mickey Kantor, US trade representative, meets Sir Leon Brittan, EC trade commissioner, in Brussels next Wednesday.

EC negotiators claim that the US and Japan have failed to meet their promises to cut peak tariffs by 50 per cent and others by a third on average. So far Washington has offered 50 per cent cuts on only half its peak textile tariffs, and appears to be pinning its hopes on negotiations taking place between the US and EC textile industries on a tariff-cutting package.

The US is still pressing the EC to agree to zero tariffs for wood, paper, non-ferrous metals and scientific equipment, and to reduce duties on a range of electronic products.

Mr David Woods, the spokesman for Gatt, yesterday rejected claims by the Geneva-based European Broadcasting Union that inclusion of audiovisual services in the Uruguay Round would lead to the break-up of the European broadcasting system.

that a senior European commissioner has urged the Gatt to take on a new role in regulating competition. Sir Leon Brittan, then competition commissioner and now responsible for trade, told the 1992 World Economic Forum in Davos that the Gatt should draw up worldwide competition rules covering subsidies, cartels, merger policy and public monopolies.

Mr Van Miert and Sir Leon's proposals may find a sympathetic ear in Geneva, where their immediate predecessor as EC competition commissioner, Mr Peter Sutherland, is now Gatt director-general.

Mr Van Miert said that in the initial stage of such a plan, the Gatt would not handle individual companies' complaints about anti-competitive practices, but would ensure that countries were enforcing minimum competition rules.

However, he acknowledged that "one should not even dream about a worldwide and independent competition agency at this stage".

Russia may vote on constitution

By Leyla Boulton in Moscow

RUSSIA may put a new constitution to a referendum at the same time as new parliamentary elections scheduled for December 12, Mr Sergei Filatov, head of the presidential administration said yesterday.

Mr Filatov said that a final draft of the constitution to replace the Communist-era document defended by the old parliament would be drawn up by November 5 by a constitutional convention which was set up in the summer. The convention was formed from parties, interest groups and regional authorities chosen by President Boris Yeltsin after the old parliament refused to adopt a new constitution.

Although Mr Filatov expressed a preference for a December 12 referendum, he said the other option would be for the constitution to be adopted by the state duma, or lower chamber, to be elected in December. He also held out the possibility that the federation council, designed as the upper chamber of a new federal assembly, could be directly elected at the same time.

Thanking foreign governments and international organisations for their support during the crisis, President Yeltsin yesterday invited them to send observers to the parliamentary polls, which he has claimed will be free and fair.

However, the holding of fair elections will depend in large part on whether the authorities will allow opposition Communist and nationalist parties not involved in Sunday's violence to take part. It will also depend on whether they keep their promises of "equal media access" to all participants in



President Boris Yeltsin (left) welcoming Azerbaijan's leader Gaidar Aliev to the Kremlin yesterday, along with Armenian president Levon Ter-Petrosyan (right) and the Georgian head of state Eduard Shevardnadze, for talks on ending conflicts in the Caucasus

the elections. A council is being set up to ensure equal access to television but it is not clear how effective this will be.

Mr Filatov said the Russian Communist party, headed by a moderate called Mr Gennady Ziuganov, may also be outlawed even though it was not included on the list of eight parties banned last Monday.

Mr Vladimir Solodin, head of

the information ministry department which imposed the censorship order and then cancelled by Mr Yeltsin, yesterday spelt out the authorities' dilemma over banned newspapers.

Although he accepted that Pravda might soon be unbanned, he explained that the real problem for the authorities would be controlling more extremist papers such as Den

(Day) which openly promoted violence and anti-Semitism.

Part of the problem for the government was that the press law enabled banned papers to re-register under new names. Mr Solodin apologised to two newspapers banned by accident because his department had little time to set up the emergency restrictions.

President Yeltsin won a qualified endorsement yesterday from the leaders of 32

European democracies, meeting at the Council of Europe summit in Vienna, writes Edward Mortimer in Vienna.

The leaders deplored the loss of life in Moscow "which resulted from the resort to violence provoked by the opponents of reform", and declared their "solidarity with the supporters of the reform" under Mr Yeltsin's leadership.

France's leaders agree on asylum law

By David Buchanan in Paris

FRENCH leaders have agreed a compromise on revisions to the constitution on asylum to enable France to join EC partners in implementing the Schengen free travel accord.

Both socialist President François Mitterrand and Mr Edouard Balladur, the conservative prime minister, wanted a compromise to avoid having to put constitutional changes to a referendum on an issue they feared would have given racists a platform.

The asylum argument arose in August when the constitutional court ruled against France's participation in an EC convention stating that an asylum application refused in one EC country is deemed to be refused in the other 11 EC states.

The convention is designed to prevent refugees exploiting the removal of border checks by "shopping for asylum" around the Twelve. But France's constitution, the court held, obliges it to consider all asylum demands.

The compromise revision, to be approved by parliament, would write into the constitution provisions for France to reach asylum accords with its EC partners, while giving the government the right, but no longer the obligation, to examine asylum requests refused by other EC states.

Initially, Mr Mitterrand took the side of the constitutional court while Mr Balladur backed the immigration and nationality legislation introduced by Mr Charles Pasqua, the interior minister.

European Monetary Institute appears headed for Frankfurt

By Lionel Barber in Brussels

BRITAIN appears ready to drop its claim to base the European Monetary Institute, the core of the future European central bank, in London.

The pending shift would clear the way for a deal at the European Community summit on October 29 to locate the EMI in Germany which has recently stepped up its campaign in favour of Frankfurt.

Officials in Brussels said the UK government's readiness to soften its position reflects a tactical calculation that it is no longer worth fighting a losing cause against German claims which are supported by the rest of the Community.

The same officials said the UK government also appeared to have been influenced by the faltering momentum behind the EC's goal of economic and monetary union set out in the Maastricht treaty - a view

summed up by Mr John Major's recent comment that plans for EMI had "all the quaintness of a rain dance and about the same potency".

The British prime minister's

Christopher, EC economics commissioner.

The legislation bans governments from borrowing indirectly from central banks; bars privileged access by govern-

ment will not be "a shell". He believes that it could serve to draw member states and central banks into a more formal system of monetary and macroeconomic co-operation.

Last night, Mr Jacques Delors, president of the European Commission, gave a presentation to finance ministers on the economic outlook in the Community as well as his thoughts on jobs, growth and competitiveness.

These are to be combined in a White Paper to be submitted to the EC summit in Brussels in December.

At the Geneva meeting, ministers will also have a broad discussion on the lessons of the August 2 currency crisis which led to the virtual collapse of the exchange rate mechanism.

However, diplomats in Brussels cautioned that it was "too early" to expect any conclusions or decisions.

Britain's readiness to soften its position reflects the fact that it is no longer worth fighting a losing cause against Germany, which is backed by the rest of the EC

statement caused irritation in Brussels, where the European Commission is trying hard to build up the EMI as an embryonic European central bank ready to start business on January 1, 1994, under the so-called stage two of EMI.

EC finance ministers, who are holding informal talks in Geneva, near Brussels, will today hear details of legislation regarding the operation of the EMI from Mr Heunig

Mr Christopher said to be determined that the EMI

EC Davids fending off Goliaths

By David Gardner in Brussels

THE European Community's smaller member states seem to be winning the battle to stop the big powers trying to change the EC's decision-making procedures to favour the large member states.

France in particular, but also Germany and the UK, have been looking at how to tilt the balance in their favour when the EC takes in up to four new member states - Austria, Sweden, Norway and Finland - around 1995.

But ambassadors of the Twelve on Thursday night passed on to foreign ministers without amendment a paper from the Belgian presidency preserving intact for 16 member states the voting procedures which now apply for 12.

Foreign ministers will have to decide, beginning probably at a special meeting on October 26, whether to preserve the status quo, or risk intra-EC confrontation and the alienation of the four applicant countries if the decision-making balance is altered.

"This is something we are prepared to die in the last ditch for," said a senior Irish official, who warned that any strengthening of the larger member states' position at this stage could tear the Community apart. The Irish, along with the Dutch and the Danes, refuse to countenance any change now in the basic chemistry of the EC, which has a weighted majority voting system giving small states a real voice and influence.

At enlargement negotiations in Luxem-

bourg this week, ministers from the applicant countries rejected any reform of EC decision-making before they are inside and able to shape it. If reforms went ahead beforehand, "we would end up joining another kind of Community, not the Community we originally applied to," warned Mr Pertti Salolainen, Finnish foreign trade minister.

The larger member states fear the EC would be paralysed if it takes in a large influx of small countries under existing rules. But the Lisbon summit last year decided that the first wave of enlargement needed technical adjustment rather than reform, which would be put off until applicant members from east and central Europe and the Mediterranean start accession negotiations.

Papandreou prepares for power

By Kerin Hope in Athens

GREECE'S opposition Panhellenic Socialist Movement (Pasok) was four points ahead in the opinion polls ahead in the campaign before Sunday's general election.

Mr Andreas Papandreou, the Pasok leader, appeared confident of victory, promising at a rally in Athens to make Greece "a modern, democratic state that will stamp a seal of peace and co-operation on the Balkan region". Support for Pasok appeared to have stabilised at around 41 per cent, against about 41 per cent for the conservatives, according to polling organisations in Athens. This result would give the Socialists a clear majority in the 300-member parliament.

Political Spring, the conservative splinter group founded three months ago by Mr



Mr Papandreou addressing his final rally in Athens yesterday

Andreas Samaras, the former foreign minister, was projected to win at least 5 per cent of the vote and a dozen seats.

Mr Papandreou also stressed yesterday that Greece would "make no concessions" in for-

sign policy under a Socialist government, ruling out a compromise in the dispute with Macedonia over its name, or in the long-running quarrel with Turkey, a Nato ally, over mineral rights in the Aegean sea.

bed. He promised real pay increases for public sector workers and improved welfare benefits, after a three-year freeze on wage and pensions under the conservatives.

Mr Constantinos Mitsotakis, the prime minister, was due to conclude his campaign with a rally of his New Democracy party in Athens last night. The conservatives have lost most support in the capital, where Mr Samaras's party has attracted younger voters, according to the polls.

The election campaign has been the biggest, dirtiest and most expensive media advertising war in the country's history. Renter reports from Athens. An estimated \$13m was spent in September alone, according to the Media Service company. Negative campaigning and personal attacks were seen as a logical result of the widespread perception that the weakest points of Pasok and New Democracy were their leaders, both aged 74.

OECD praises Hungary but urges more reforms

By Nicholas Denton in Budapest

THE Organisation for Economic Co-operation and Development has paid a backhanded tribute to the maturity of Hungary's reforms by issuing a comprehensive critique of its economic policy in a survey released yesterday.

"Many of the issues could not have arisen had not Hungary already made substantial progress in establishing a market economy," the organisation says of its "partner in transition".

The OECD sugars its uncomfortable recommendations by saying that their very detail is indicative of progress. However, the organisation's reproaches are bound to embarrass the Hungarian authorities.

Singled out for particular concern is the financial system which, despite rapid develop-

ment, showed "weaknesses in its basic structure".

A "credit crunch" arose last year in Hungary, the OECD states. Banks, although highly liquid, curtailed their lending to enterprises sharply because of new bankruptcy legislation which increased credit risk.

Accompanying the crunch was a steep rise in spreads between deposit and lending rates from 4 per cent to 11 per cent by the end of 1992.

The survey puts much of the blame on fiscal pressures and high taxation in the financial services sector; reserve requirements alone are estimated to have added two percentage points to spreads.

Budgetary economy has also conflicted with attempts to recapitalise the banks, the OECD says, noting that the government's effort in 1992 was too limited, and "partial recapitalisations are simply not workable". The OECD accepts that

the budget deficit is a product of reforms and the unexpectedly deep recession which saw GDP fall 11.9 per cent in 1991 and 5 per cent in 1992.

But the survey nevertheless identifies "serious structural budget problems" and states that the government deficit, which was 3 per cent of GDP on a consolidated basis in 1992, is "the major macroeconomic imbalance".

Privatisation is a key to recovery and, while the OECD praises Hungary's quest for "real owners" through market sales, the organisation argues for an acceleration of the process.

But the authors come out unequivocally against the proposed privatisation investment proposals to involve the public in purchases. The scheme, which went on the agenda this week, appears to be "seriously flawed", the OECD says.

Finland moves to relaunch sell-offs

By Hugh Carnegie in Stockholm

FINLAND'S centre-right government yesterday moved to relaunch its faltering privatisation programme, saying it would shortly seek parliamentary approval to lower the limits of state ownership in five large companies.

The Ministry of Trade and Industry said it intended to complete strategic plans for individual privatisation candidates by the end of the year, and hoped to begin the process of share sales in early 1994, at least in the case of some companies.

Despite making a commitment in principle to privatise when it took office more than two years ago, the government of Mr Esko Aho, the prime minister, has so far made little progress, held back partly by the deep recession Finland has suffered recently that has badly hit profitability. But a dramatic rally in the Helsinki stock exchange this year has greatly improved conditions for share issues.

Under the latest plan, legislation will be tabled this month to allow the state to drop the level of its voting shares in Enso-Gutzeit, the forestry company, below 30 per cent from 52 per cent now.

It will seek to lower the level in Valmet, the paper machinery group, to between 30 and 50 per cent from the current level of 73 per cent; the levels would fall to below two-thirds, but more than 50 per cent, in Neste, the energy company now 97 per cent state-controlled; in Rautaruuki, the steel company (87 per cent); and in Sisu-Auto, the truck maker (98 per cent).

The Norwegian government is to reduce its stake in the arms-maker Norsk Forsvarsteknologi to 51 per cent through a public share issue in November, it was announced yesterday.

Some of the shares in the company, which had sales of Nkr1.2bn (£120m) last year, will be offered to Statoil, the state-owned oil company, the engineering company Aker, and the shipowner, Braathens.

UN plans to aid nearly 3m in Bosnia

THE United Nations yesterday launched an appeal for nearly \$700m (\$463m) to feed and shelter 4.26m people in former Yugoslavia between now and next June, writes Frances Williams.

Mrs Sadako Ogata, the UN High Commissioner for Refugees, said some 2.74m people in Bosnia - 1.1m more than last year - would need help to get through the winter, but repeated earlier warnings that "without peace, the humanitarian relief effort will be unable to avert catastrophe".

Mrs Ogata added: "With fighting and ethnic cleansing continuing, never has there been so much intolerance and misery in the region."

The responsibility for the agony in Bosnia lay with the political and military leaders. No amount of humanitarian assistance could overcome this stark reality, she said.

Bosnian Serbs have agreed to allow the UNHCR to send relief convoys this weekend to Maglaj and Tesanj, two besieged Muslim enclaves cut off from aid supplies for more than 100 days, the UN said yesterday. Reuter reports from Geneva.

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NEWS: UK

AEEU vows to fight drain on subscriptions

By Robert Taylor,
Labour Correspondent

BRITAIN'S largest manufacturing union - the AEEU engineering and electrical union - has called a meeting of all its full-time officials to discuss how to minimise the impact of new labour laws. The union says they will threaten 80 per cent of its annual income.

"The very future of our union is at stake," Mr Gavin Laird, general secretary, said yesterday. "We are

about to enter a battle for survival." The union's fears stem from the provision in the government's Trade Union Reform and Employment Rights Act which says employers cannot deduct union contributions from their employees' wages unless in the past three years those concerned have signed an authorisation to allow this.

The legal threat to the existence of the so-called check-off arrangement could damage further already weakened unions, which receive an esti-

mated 80 per cent of their income from membership subscriptions collected for them by employers. The AEEU, which is meeting on Tuesday, is the first union to mobilise its officials to combat the problem.

"We are bound to lose some members as a result of the new legal provision," said Mr Laird. "We know already of some small engineering companies which have announced they are withdrawing check-off facilities. This new law is designed to emasculate the unions." As much as

£20m of the AEEU's annual income derives from the subscriptions collected from 80 per cent of its 800,000 members under the check-off arrangement. The union fears that as there is no legal obligation on employers to operate check-off, some may use the new statutory requirements as an excuse to withdraw the arrangements.

Under the law, workers covered by check-off before August 30 this year are each required to give their specific approval for the arrangement

within 12 months. This means every member on check-off must sign the necessary form of authority before August 30 1994. Union officials are allowed to collect the necessary authorisations and give them to the employer. The AEEU will tell its officials at the meeting on Tuesday that it wants the signed forms with employers no later than the end of next June.

An alternative to check-off is for union members to pay subscriptions through direct debit transfer from

their bank accounts. At present only 2 per cent of AEEU members do this and Mr Laird wants to raise this figure to 10 per cent.

The other option is to return to the traditional system under which union stewards collect subscriptions at the workplace directly from the members, although Mr Laird says this can be disruptive and inefficient. The Engineering Employers Federation said yesterday it had not offered any advice to its members on what to do about the new law.

500 jobs to go at Devonport naval dockyard

By David White
and Roland Adaburgham

PLYMOUTH'S Devonport naval dockyard, which earlier this year won a bitter battle to refit Britain's Trident nuclear submarines, yesterday announced plans to shed 500 jobs.

The reduction, more than a tenth of its workforce, is more severe than was indicated by Mr Malcolm Rifkind, the defence secretary, in June. He predicted that the reorganised naval refitting programme would mean 350 job losses.

Devonport Management (DML), which operates the dockyard, said it hoped to achieve the cut through voluntary redundancies. The reduction, to be carried out in the next six months, will leave a workforce of 4,400, one third of the level in the mid-1980s before the dockyard was placed under private-sector management.

Redundancy payments will be borne by the government, which still owns the dockyard facilities.

DML said the earlier government predictions were based on business forecasts for 2000. The company hoped that the level of employment would be maintained or increased by then, although not necessarily through permanent jobs.

But Mr Bill Coffin, Plymouth district secretary of the AEEU electrical and engineering workers' union, said the latest job losses would not be the

last. "You can double that figure over the next six to 12 months," he said.

The announcement from DML came a week after confirmation from Mr Rifkind of the government's decision to concentrate future work on nuclear submarines at Devonport.

This work has been the backbone of business for Devonport and the rival Rosyth yard in Scotland. In compensation, Rosyth is to be allocated more than half the programme of work on navy surface ships. Devonport will have to compete for remaining surface ship work against Rosyth and private-sector shipyards.

Yesterday's announcement, while not unexpected, is a serious blow to the Plymouth area, where the dockyard is easily the biggest employer. Unemployment in the Plymouth travel-to-work area is well above the national average at 12.7 per cent.

Devon County Council said: "When Devonport catches a cold, the whole of Devon sneezes." The council showed the need for broadening the area's industrial base. "We will be pushing even harder for government and European assistance."

The job cuts partly reflect a dip in DML's commercial business due to the completion of yacht-building contracts. Turnover in the current financial year to the end of March is expected to be similar to last year's at around £250m.

Independent raises prices and expands in face of Times cut

By Raymond Snoddy

NEWSPAPER Publishing, owners of The Independent and Independent on Sunday yesterday took the decision to raise its prices in the face of the price-cutting campaign by The Times.

The Independent on Sunday, which is being expanded tomorrow to a four-section paper with colour, will raise its price from 90p to £1.

From Tuesday the daily paper, which will move to two sections with colour, will go from 45p to 50p making it 20p more than The Times.

Mr Patrick Morrissey, the new chief executive of Newspaper Publishing, said that readers were being offered considerable added value.

"We believe our readers will recognise this and will be prepared to pay a realistic price for continuing improvement in quality and the continuing independence of their newspapers," he said.

The Times' 15p price cut has added around 100,000 copies to the previous total of around 390,000.

The official circulation figures for the six months to August show The Independent at 339,603 and The Independent on Sunday at 373,427.

The Newspaper Publishing strategy, complete with price rise, seems to be to try to occupy the slot at the top of the general broadsheet market that it believes is being vacated by The Times.

All efforts at Newspaper Publishing will now be concentrated on the re-launch and a major marketing exercise to try to increase circulation.

A planned re-financing, possibly with the introduction of a new shareholder has in effect been postponed until early next year.

The pressure has been eased because The Independent's circulation has apparently not been hit by The Times. The Independent's sales are slightly up although not by as much as normal in the autumn.

Mr Morrissey, who joined the company at the beginning of this month, wants to see how the business performs this autumn.

There is even a hope that, if the re-launch is a success, significant re-financing can be delayed for some time - as long as the government does not decide to impose value added tax on newspapers in next month's Budget.

BSkyB card sent from Cheshire

By Richard Donkin
and Raymond Snoddy

THE Financial Times yesterday obtained in the UK an unauthorised "smart card" to unscramble British Sky Broadcasting subscription channels such as Sky Movies and Sky Sports.

The card arrived by post, with a Cheshire postmark, from Satellite Decoder Systems of Warrington, a branch of an Irish business run by Mr David Lyons.

The card worked perfectly and produced pictures that were indistinguishable from the "real" thing - except that the unscrambled pictures more quickly, probably because the authorisation process had been circumvented.

SDS said yesterday, after meeting with trading standards officers in Cheshire, that it would continue to export the cards to the UK from Ireland.

Mr Geoff Holland, Cheshire's principal trading standards officer, said it was illegal to import the cards and that if the importing was done directly by customers they would be breaking the law.

He also made it clear that it was illegal under the 1990 Broadcasting Act to use the unauthorised cards in the UK if, in doing so, the user intended to avoid paying for



House of cards: The illegal BSkyB smart card arrived in an envelope with a Cheshire postmark

the channel he was watching. Mr Holland said he would examine the legal position on advertising and suggested that SDS advertisements might breach the advertising code.

Mr Lyons said yesterday that SDS would contest a writ from BSkyB imposing a restraining order on SDS carrying out any activities laid down as illegal under the copyright laws. The satellite company, in which

Pearson, publisher of the FT, has a stake, will also seek damages. Mr Lyons said: "We contest that we have done none of the things they are trying to take action on. All we have done is advertise in the UK."

The Motion Picture Export Association of America had already drawn up proposals on the growing problem of unauthorised satellite cards across Europe to submit to the European Commission for action.

Farmers pressed to sign milk deals

By Deborah Hargreaves

MILK MARQUE, the successor to the government's compulsory purchasing scheme under the Milk Marketing Board, is putting pressure on farmers to sign supply contracts before the industry becomes a free market in April.

Mr Andrew Dare, chief executive of Milk Marque, sent out contracts to farmers yesterday, calling on them to make a "positive decision".

He said they were "free to sell their milk to whomever they wish", but added that failure to take any action may mean that their milk would not be collected after April.

However, the dairy industry questioned the legality of Mr Dare's contracts as the government has not yet approved plans for the reorganisation of the board into Milk Marque.

Mr Jim McMichael-Phillips, president of the Dairy Trade Federation, said: "I'm terribly uneasy about this and will need to give careful consideration to any legal redress available to member companies."

BBC ready to scrap Radio 5

By Raymond Snoddy

THE GOVERNORS of the BBC are set on Monday to approve the creation of a combined news and sports service to replace Radio 5.

The announcement will represent a victory for Radio 4 listeners who have campaigned for more than 18 months to stop the loss of Radio 4's long-wave signal to a 24-hour rolling news service. The original plan would have meant that Radio 4 would only have been carried on FM, depriving listeners in areas of poor FM reception. Those who listen to Radio 4 in continental Europe on long-wave would have lost their service.

The planned service will be very different from the original rolling news plan. In particular there will be no news magazine programmes such as Today from Radio 4.

Instead there will be a very flexible schedule aimed at a younger audience. On the days of major sports events, they will take precedence and when big news stories break they

will get most emphasis. The times of news bulletins will be flexible to avoid interrupting the last minutes of a vital game.

The service, which will not be called Radio 5, has already been agreed in principle by the BBC's board of management. It will consider a final version of the plan on Monday morning before a formal recommendation goes before the governors later in the day.

It is believed that Ms Jenny Abramsky, head of BBC radio news and current affairs, will run the station.

At the beginning of this year, senior BBC radio executives were still insisting that it would not be practical to put the news service on Radio 5. Children's and schools' programmes now carried on Radio 5 are expected to move to other channels.

The compromise solution on Radio 5 fits in with the recent BBC realisation that it may have been over-serving the articulate middle classes and now plans to offer more to the general audience.

Ford to streamline stock distribution

By Kevin Done,
Motor Industry Correspondent

FORD is planning to introduce a new car distribution system in the UK intended to reduce stocks held at dealers' premises and to significantly cut the total number of vehicles in its supply pipeline.

The company is being forced to revamp its distribution methods in order to catch up with radical changes already announced by Rover and Vauxhall in the last 18 months.

Both maintain that the changes will save them and their dealers tens of millions of pounds a year. Ford said yesterday that it planned to intro-

duce a pilot scheme during the first half of next year.

The Ford system is expected to follow the Rover and Vauxhall patterns, whereby dealers will draw their cars from a network of large regional storage facilities, each linked strategically to either a Ford assembly plant in the UK or, in the case of imported vehicles, to their port of entry.

More than half of all new cars sold by some leading car-makers are transferred between dealerships to satisfy customer orders, rather than going directly to the dealer.

Traditionally main dealers have had to hold six weeks or more of stocks.

Two years ago Belling sought to arrange a \$50m capital injection through a company called Global Prospect Funding, where Mr Deacon was a director. In advance of the deal, Belling paid £2.1m as the first year's interest. The company borrowed the money from the pension fund to pay the fee, but the loan never materialised.

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Charles Deacon: remanded on conditional bail of £125,000

Two linked to Belling loss charged with £4.9m fraud

By Peggy Hollinger

TWO MEN LINKED to the loss of £2.3m from the pension fund of Belling, the cooker manufacturer which collapsed last year, have been charged with defrauding companies and private individuals in Britain and abroad of a total £4.9m.

Mr Charles Deacon, a solicitor based in Newcastle-under-Lyme, and Mr Keith Fuller, a business consultant, were yesterday remanded on conditional bail of £125,000 and £100,000 respectively and are due to reappear in court on Friday. The bail, subject to

suitable sureties, was granted at Stafford High Court late yesterday following an appeal against the original magistrates' decision to remand the men in custody.

The two have been jointly charged with four offences dating back to 1986: obtaining £3.5m (£2.3m) by deception from Belling, similarly, £2.2m from Kristian Nielsen of Denmark, cash and property worth £280,000 from Bratskikh of Russia, and £275,000 from Arbutnot Leasing International.

Three of the four charges state that money was obtained by falsely representing that a

fee was an advance payment for a larger loan. They further stated that the advance would be held by Mr Deacon's company until credit arrangements had been made.

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BNF cleared of blame in child leukaemia case

By John Mason,
Law Courts Correspondent

BRITISH Nuclear Fuels was cleared by the High Court yesterday of allegations that radiation from its Sellafield reprocessing plant had caused leukaemia in children.

Rejecting damages claims brought on behalf of two children of former Sellafield workers, the judge said that it had not been proved that childhood leukaemia was linked with possible genetic damage caused by the irradiation of their fathers' reproductive organs.

An independent study claim-

ing such a link, upon which the legal case was based, was unsupported by other evidence and contained shortcomings which reduced the confidence which could be placed in it, Mr Justice French said.

The cases were brought by Mrs Elizabeth Reay, whose daughter died of leukaemia in 1982, and Miss Vivien Hope, who contracted non-Hodgkin's lymphoma.

They claimed that a study carried out by Professor Martin Gardner, an academic medical statistician, had demonstrated a causal link between the diseases and mutations in fathers' sperm caused by the radiation from Sellafield.

However, Mr Justice French accepted arguments by lawyers for BNF that the report was flawed and unsupported by other scientific research.

Mr Alvin Shuttleworth of BNF said afterwards that the company was pleased with the judgment but had great sympathy with the families.

The cases were the first in which a court had been asked to rule on personal injury claims based on alleged genetic damage. It was seen as a test case for up to 40 other potential claims against BNF.

EC aid may jeopardise established grants, MEP warns

By Chris Tighe

A LEADING MEP yesterday warned that the government has put European grants to older areas of industrial decline in jeopardy by also seeking grants for places such as Brighton, Bristol and Edinburgh.

Mr Wayne David, Labour MEP for South Wales and vice chairman of the European parliament's regional policy committee, said he feared Britain's traditional industrial areas could lose out under the govern-

ment's "Objective 2" area submission, sent recently to the European Commission, and due to be published on Monday.

Inclusion on the map, which covers areas of industrial decline, gives access to very substantial grants from the European regional development fund and the European social fund. Between 1989-93, parts of Britain that qualified for Objective 2 grants received a total of £2.39bn, 38 per cent of the European Community total.

Mr David claimed that the present UK submission included Brighton, Southend, Portsmouth, Weymouth, Bristol, Edinburgh, parts of inner London, and also Gibraltar, as well as areas such as north-east and north-west England, central Scotland, the west Midlands and south Wales. At present, nowhere in the south of England qualifies for Objective 2 grants.

A new map is now being produced, to take effect from January. It will cover no more than 15 per cent of the EC population, but Mr David said member states' submissions total 22 per cent. The map covers just over 18 per cent at the moment. He said: "It means the traditional industrial areas are effectively competing with these new areas the government has submitted. Some of these new areas have very real problems, that has to be recognised, but I don't believe they should be helped at the expense of the older areas. I fear that will happen."

The EC has allocated a total of £10.7bn for Objective 2 grants between 1994 and 1999. The grants cover up to 50 per cent of the cost of projects to assist economic and social regeneration.

The Department of Trade and Industry received hundreds of representations from areas anxious to retain, or gain, Objective 2 status. The places concerning Mr David are not on the government's assisted areas map, which determines eligibility for UK government aid.

EC criteria for Objective 2 status include unemployment, falls in industrial employment and substantial recent or threatened job losses. It is believed that more UK places have been submitted than are expected to qualify. The DTI refused to confirm Mr David's information but said: "The commission will choose what areas stay on the list and what areas have to be knocked off."

The EC is also redrawing its Objective 5b map, covering rural areas experiencing transitional problems.

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London night flights to be cut

THE NUMBER of night flights at London's three main airports is to be cut to reduce noise, Lord Calthness, the aviation minister, announced yesterday, Daniel Green writes.

The move was in response to a High Court judgment last month against a plan that could have allowed more night flights using quieter aircraft.

The Department of Transport expects to be able to enact the proposals by Tuesday so airlines can change their timetables for the winter season which starts on October 24.

BAA, which operates Heathrow, Gatwick and Stansted airports, said that the airlines faced "a challenge to change their schedules in time".

British Airways said that the move would also mean more last-minute work at next month's airline scheduling conferences which will prepare the ground for the crowded summer season.

The new rules would mean an average of about 2.5 fewer flights a day arriving at Heathrow in the early morning. This affects principally aircraft coming in from the far east and the west coast of North America.

Although the ceiling on the number of flights is being lowered, the government is retaining a quota system it proposed in January to encourage airlines to fly quieter aircraft.

Estate agents warn on recovery

RECOVERY in the housing market remains on a knife-edge, estate agents warned yesterday. They urged Mr Kenneth Clarke, the chancellor, to do nothing in his Budget next month which would jeopardise an upturn.

Mr David Goldsworthy, president of the National Association of Estate Agents, said that any plans to cut mortgage tax relief over the short term could have a devastating effect on buyers' confidence.

The association's monthly market trends survey showed that London and East Anglia had fared best last month, with 40 per cent of agents reporting increased business, followed by Wales and the south east. The national average was 22 per cent.

Acuma confirms sale talks rumour

ACUMA, the UK personal financial consulting and life insurance subsidiary of American Express, said yesterday that it was in talks with another financial services company which could lead to it being sold or forming a strategic alliance.

It added that "no final decisions" had been made. Its statement followed market speculation that it was to be sold to a life insurance company. Acuma, which has 730 employees, has 20,000 clients to whom it offers financial planning advice and sells products from its tied life insurance arm.

Strike ballot at Thames Water

WORKERS at Thames Water are to be balloted on strike action in protest at a 1.9 per cent pay offer which the company has said it will impose after being overwhelmingly rejected.

Fifty unions representing 7,000 craft and manual workers and staff put in a claim for a 6 per cent rise after Thames' announced annual profits of £251m.

Acas talks in Tube dispute

EFFORTS to avert possible strikes next month by 10,000 staff on London Underground began on Monday when RMT, the rail union, is to hold talks with Acas, the conciliation service.

The dispute is over London Transport's decision to fire two RMT members on the Central line for indiscipline. The members were later rehired for different jobs.

The union held a strike on the Central line on Thursday and is planning two more one-day strikes on October 14 and 21. A strike ballot of all underground members is also to be held.

£5m coalfield plan

A £5m investment in new business premises in Seaham, County Durham, and Ashington, Northumberland, was announced yesterday by British Coal Enterprise, the coalfield regeneration agency.

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IMPORTANT TO THE SUCCESS OF YOUR BUSINESS.
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*Outsourcing means that your
IT staff leave your company.
But only to become part of ours.*

Ministers may cut cash for Crossrail

By David Owen

THE GOVERNMENT may scrap plans to make an upfront contribution to the cost of the £2bn Crossrail transport project for London. This comes as part of its drive to meet public spending targets for the next three years.

Ministers are considering instead asking private investors to fund the entire cost of the scheme to build two tunnels under central London, while agreeing to subsidise the project once it is up and running.

The move would have obvious attractions for the Treasury because it would defer the time when public funds needed to be earmarked for the project until later in the decade and help to resolve the fierce cabinet struggle raging over departmental budgets.

Under the present plans, £65m of public money would be allocated to Crossrail in 1995-96, with a further - as yet unspecified but probably larger - amount required for the period 1996-97.

This is the year that is currently provoking some of the most intense wrangling between ministers with the gap between Whitehall spending bids and the agreed targets proving impossible to bridge.

Ministers had been anticipating a public contribution to

Crossrail of between £800m and £1.2bn. This would have left up to 80 per cent of funding to be raised from the private sector.

In July, the government announced that another transport project - the £300m resignalling of the busy London Euston to Glasgow railway line - was to be funded and carried out by the private sector.

There has been mounting criticism of the government's progress in its attempts to involve private-sector finance in public-sector infrastructure projects.

Some private companies and critics in government departments say that the private-sector initiative has become an excuse for delaying projects such as Crossrail.

Crossrail would enable passengers travelling on suburban trains into British Rail's Paddington and Liverpool Street stations to reach the West End and the City without having to change to the Underground system.

The scheme is thought to be at least a year away from full clearance, following the second reading of the parliamentary bill needed for it to go ahead in June.

Mr Steven Norris, transport minister for London, said in June that the government wanted the private sector 'fundamentally' involved in Crossrail.

Long-term unemployed '52% of Ulster jobless'

By Emma Tucker, Economics Staff

UNEMPLOYMENT in Northern Ireland still outstrips the rate in mainland UK, with 52 per cent of the unemployed out of work for more than a year, an advisory body said yesterday.

The Northern Ireland Economic Council says in its

annual report that unemployment in Ulster, at just over 14 per cent, is lower than a year ago. But it is still substantially higher than the UK average of 10.4 per cent. Output per head is only 77 per cent of the UK average, it adds.

Far-reaching structural adjustment would be required to close the gap in living standards between the province

and the rest of the UK, it says. Although the economy has performed comparatively well over the last year relative to the UK, unprecedented growth rates would be needed to bring it up to mainland UK standards within the next decade.

To help eradicate structural weakness in the economy, the council recommends increasing industrial research and

development undertaken locally and improving the productivity of the local workforce. It says that long-term unemployment is the most severe manifestation of weakness, and suggests that resolving the problem should be at the forefront of decisions on how to spend structural funds from the European Community.

The council recommends that reducing long-term unemployment should form the basis for the community support framework for 1994-99, which states how EC structural funds are to be spent.

The outlook for Northern Ireland is "uncertain", it says.

Annual Report. Northern Ireland Economic Council, Bullock House, 2 Linenhall Street, Belfast BT1 5BA. Free.

Disclosure by late payers demanded

By James Buxton, Scottish Correspondent

A LEADING Scottish banker yesterday said companies should be required to state in their annual accounts the average amount of time they took to pay their suppliers.

Mr Bruce Patullo, governor and chief executive of Bank of Scotland, said this would help reduce late payment of bills, which causes serious difficulties for small companies.

The time taken to pay bills would have to be confirmed by company auditors.

He said 29 per cent of the total assets of smaller manufacturing companies were accounted for by trade debts. Earlier payment would free companies' cash flow for investment or expansion.

Addressing the Scottish Council's international forum at Gleneagles, Mr Patullo suggested that the problem of trade credit "would disappear overnight" if the government announced that all departments and local authorities would pay their bills in 30 days and that the private sector was expected to follow suit.

This could be accompanied by a media campaign to identify and "attach a stigma" to those companies, often well-known names, who continued to be slow payers.

Separately, Mr Patullo urged the Scottish Office to persuade multinational companies based in Scotland to buy more of their components locally.

He said only 25 per cent of all components used by multinational electronics companies in Scotland were made locally - adding that if the level were raised to 50 per cent it would have a considerable effect on the Scottish economy.

Mr Patullo said certain companies such as NCR, which makes automated teller machines in Dundee, or IBM, which produces personal computers at Greenock, Strathclyde, had successful programmes to encourage UK and Scottish suppliers.

Tube map reaches final destination

By Rachel Johnson

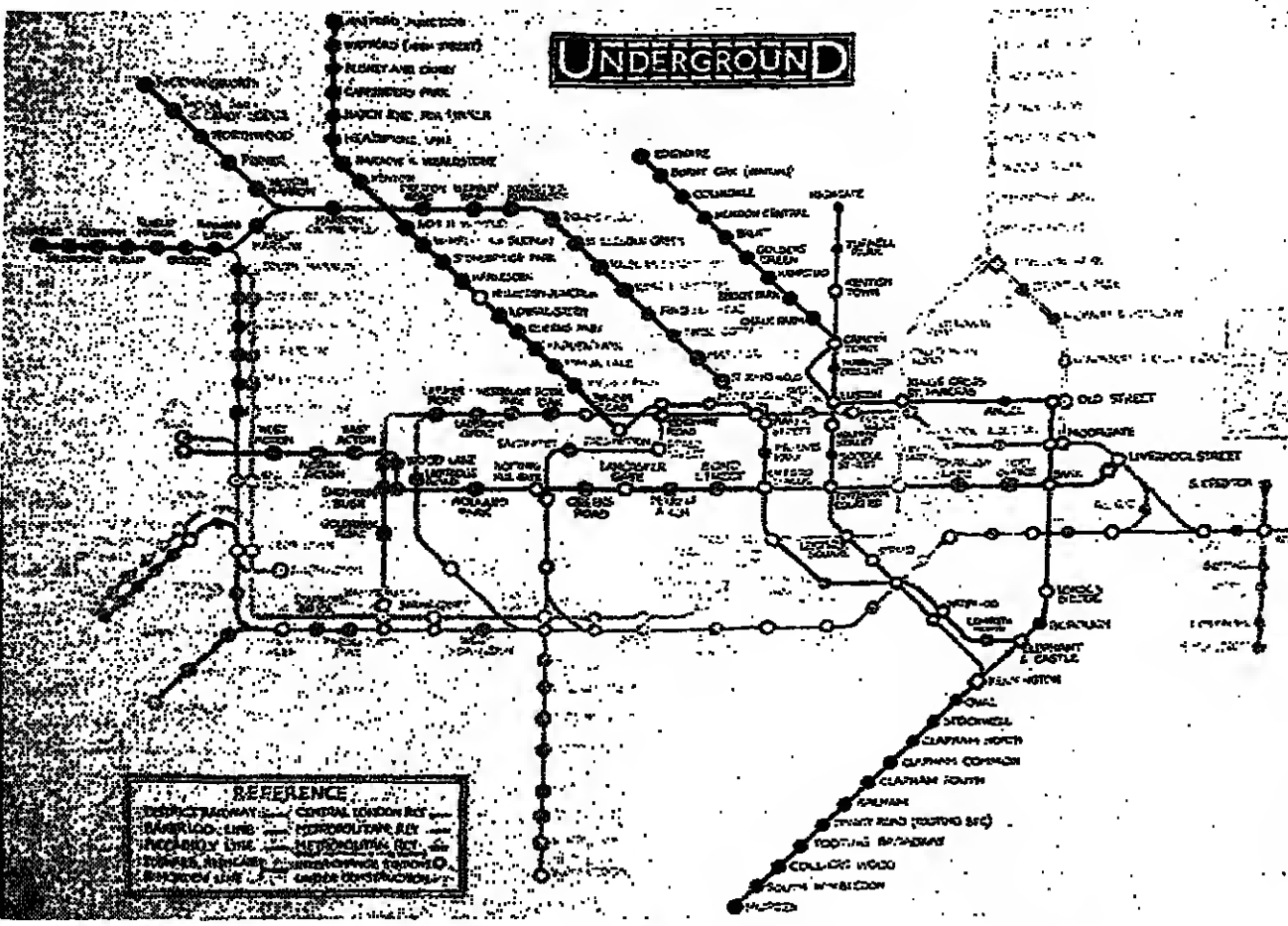
THE TUBE map drawn by hand in the 1930s from which today's map was developed was yesterday donated to the London Transport Museum in Covent Garden.

The map, a design classic, has been copied by transport systems from Paris to Tokyo. It will be on display at the museum from December 15.

Mr Harry Beck's schematic 1931 drawing, now displayed in 1,037 sites in London alone, replaced a series of complicated geographical maps. It set a standard for style and clarity which other transport systems have sought to match.

The museum is particularly pleased with the acquisition because Mr Beck had a "difference of opinion" with London Transport and left the original to his wife - who in turn left it to a friend who was persuaded to part with it.

Picture: Trevor Humphries



Labour council launches partnership with private sector

By Chris Tighe

PRIVATE-sector companies are to be given a central role in formulating the economic development policy and practice of Labour-controlled North Tyneside council under a partnership launched yesterday.

Nearly 40 manufacturing, energy and service-sector companies have agreed to join the North Tyneside Economic Partnership, whose aim is to enhance business success,

employment and investment in the borough. As well as influencing council economic strategy, the companies will help it bid for UK and European grants, including funds from the new Urban Regeneration Agency.

Other Labour-controlled councils are seeking more private-sector involvement. Newcastle City Council has established a steering group, involving private companies, to prepare its economic development strategy.

The North Tyneside partnership builds on the government's City Challenge concept, in which private-sector involvement was necessary for selection. Partnership members include government departments, academic and training institutions and economic development agencies.

It demonstrates how far North Tyneside Council - once reviled by Conservative ministers as a "far-left" authority - has moved towards a pragmatic approach to its role. Mr

John Foster, council executive director, said: "It's a change, but a change people are recognising is necessary and moving the right direction." He hoped it would strengthen North Tyneside's grant bids.

Mr Ralph Hey, the partnership chairman, is a former managing director of the Cookson Group. He said businesses which argued they lacked the time to get involved were short-sighted. "If you want good people, good services, you have to have

a good area," he said. "Good staff aren't going to move to an area which is broken down."

The Insurance Service, part of the Royal Insurance Group, yesterday announced that it basing its second regional service centre at the Doxford International Business Park in Sunderland, Tyne and Wear.

The centre, to begin operating in the new year, is expected to employ 100 staff by the end of next year, rising ultimately to 350, all full-time.

The Insurance Service, a direct, telephone-based insurer, is based in Bristol, where it has its first service centre. The new Sunderland site will deal with new business, policy maintenance and country-wide claims.

Sunderland won the investment against competition from Peterborough and the West Midlands. Mr Richard Hill, managing director of The Insurance Service, said the financial package available at Doxford was a key factor.

One Feature

5000 Facts

It is the facts and figures that feature in our blockbuster Personal Pensions survey in October which make the survey unique. Containing over 5,000 figures, it is the only survey to provide illustrations for every single personal pension plan on the market.

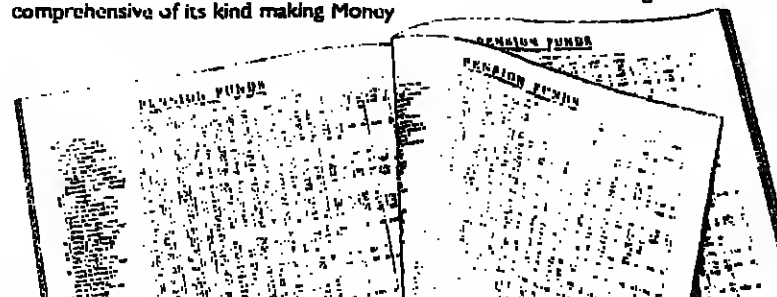
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Today Europe.

Wednesday 13 The World.

The FT Exporter is a quarterly review providing comprehensive, up to the minute news and information for exporters, including an exclusive Top 100 list of the UK's leading exporters.

It will provide expert analysis of export opportunities in China and Poland as well as insight into the cross-border trade implications of the GATT negotiations.

Mr Mickey Kantor, the United States' top trade official, gives his views on building links with Asia - and the risks for Europe if it does not do so.

There is also a users' guide to export finance, profiles on the most successful exporters and much more besides.

So if you're interested in the world of exports read the FT Exporter, published on Wednesday, October 13 with Europe's Business Newspaper.

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Disclosure
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James Buxton,
British Correspondent

LEADING Scottish banks
could be required to state in
their annual accounts the aver-
age amount of time they took
to pay their customers.

Mr Bruce Paterson, govern-
ment chief executive of Bank of
Scotland, said the banks would
disclose late payment of bills
which caused serious difficul-
ties for small businesses.

The time taken to pay bills
could have a serious impact on
company accounts.

He said that part of the
total assets of the banks would
be used to pay bills. The banks
would be required to disclose the
average amount of time they took
to pay their customers.

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Major stresses Tory commitment to Ulster

By Alison Smith
and Tim Cooney

MR JOHN MAJOR yesterday
commented on his party's under-
standing with the Ulster union-
ists by re-emphasising the gov-
ernment's commitment to
keeping Northern Ireland in
the United Kingdom.

His unequivocal statement
came against a background of
continuing uncertainty about
the prospects for round-table
talks on the future of Northern
Ireland, which have been stalled
since last November.

Achieving the continuing

support of the nine Ulster
unionist MPs at Westminster
would double the government's
majority of just 17, leaving
it much less vulnerable to
backbench Tory rebellions on
issues such as rail privatisation
and the imposition of value
added tax on domestic fuel.

"Northern Ireland is part of
our democracy," Mr Major
said. "We are not going to bar-
gain away the people's demo-
cratic rights, in order to
appease those who seek to rule
by bullet or by bomb."

He was vigorously applauded
as he insisted: "No government

which I lead will negotiate
with those who perpetrate or
those who support the use of
violence."

Moderate nationalists are
uneasy that the government
may reward the Ulster union-
ists for their support on the
critical Commons votes on the
social chapter in July with
changes such as a cross-party
Westminster select committee
on Northern Ireland.

But the prospects of finding
a solution also face other pres-
sures.

The hard-line Democratic
Unionist party has ruled out



Conservatives
at Blackpool

further participation in the
round-table talks process
because of the initiative
launched last month by Mr
John Hume, the leader of the
Social Democratic and Labour
party, and Mr Gerry Adams,
the leader of Sinn Féin. While

the British government is
doubtful that the Hume-Adams
move will produce progress,
Dublin seems more warmly
disposed towards it.

So long as the round-table
talks have a chance of success,
British government ministers
do not intend to offer any con-
crete moves to the unionists.

Instead, Mr Major hopes to
keep the support of the party's
MPs by emphasising the gov-
ernment's deep commitment to
the Union - both he and Sir
Norman Fowler pointedly
referred to the Conservative
and Unionist party - and con-

trasting that with Labour's po-
licies.

Yesterday he attacked Mr
John Smith, the Labour leader,
for allowing Mr Kevin McNamara, the Northern Ireland
spokesman, "to plan a united
Ireland".

While Mr Ian Paisley, the
DUP leader, responded yester-
day by accusing Mr Major of
"trotting out all the usual Tory
platitudes on Northern
Ireland", the signs so far are
that the Ulster unionists are
more amenable to the govern-
ment's approach.

He said the DUP "will be
watching closely" the response
of Mr Major and the Northern
Ireland secretary Sir Patrick
Mayhew to the Hume-Adams
initiative which received a
warm response in Dublin this
week.

Mr James Molyneux, the
Official Unionist party leader,
told a fringe meeting this week
that he saw no reason to end
the life of the current parlia-
ment "prematurely".

In Dublin, government reac-
tion was low-key because no
shift was detected away from
Mr Major's previously stated
policy positions.

Leaders attempt to staunch Euro split

By Kevin Brown,
Political Correspondent

CONSERVATIVE leaders yester-
day moved to avert a split
over next year's European elec-
tions by warning that the
party risks political suicide
unless it buries divisions over
the Maastricht treaty.

Mr John Major, the prime
minister, Sir Norman Fowler,
the party chairman, and Sir
Christopher Prout, leader of
the Conservative group in the
European parliament, all
warned that a poor Tory per-
formance would strengthen
Labour at Westminster and
federalists in Brussels.

The warnings reflect concern
that divisions over Maastricht,
combined with the govern-
ment's unpopularity, could
lead to substantial opposition
gains in the June elections.

The Conservatives lost a
third of their European seats at
the last election in 1989, and
emerged with only 32 of the 78
British mainland seats, com-
pared with 45 won by Labour.

Party leaders fear that up to
a quarter of Conservative seats
could fall. Defeat on such a
scale would seriously damage
Mr Major, and could trigger a
leadership challenge.

Fears that the elections
might turn into a re-run of the
Maastricht debate were revived
on Thursday when Lord Tebbit,
one of the strongest critics
of the treaty, said he would
decline to campaign for some
Conservative candidates.

The leadership hopes to
defuse the row by basing the
election manifesto on Mr
Major's free market vision for
Europe, expressed in a recent
article in the Economist.

The article, which argued
strongly for a revival of
national sovereignty within
the European Community, has
been well received by right
wingers, who believe it demon-
strates a substantial shift of
policy. However, senior minis-
ters acknowledged that the
tone of attacks on the EC had
risks alienating pro-Europe
MPs on the centre and left of
the party, who have been loyal
to Mr Major so far.

Hint at continued secrecy on donations

SIR NORMAN FOWLER, the
Tory chairman, yesterday gave
a strong hint that the party
would resist pressure for the
identities of its major financial
donors to be made public.

At the end of the debate on
party organisation, Sir Norman
rejected any notion of state
funding for political parties,
saying he would defend the
principle that people should be
free to give money to political
groups if they wished.

"As with charities, if people
wish to give money without
publicity, their privacy will be
respected," he said.

In recent months, the Labour
party has campaigned strongly
for the identity of donors to
party funds to be made public.

Labour's calls follow allega-
tions that Mr Asif Nadir, the
fugitive businessman, donated
some £140,000 to the Tories.

Several speakers in the
debate on party organisation
also said they were concerned
that the party leadership was
not giving financial support in
retaining party agents in the
constituencies.

However, Sir Norman said
there had been a drastic
reduction in spending, which
had been halved from over
£12m to £6m a year. "We are
speeding less now in real
terms than at any time since
1979," he said.

Deregulation wins conference cheers

MR NEIL Hamilton, the minis-
ter charged with preventing
business being co-opted in red
tape from Whitehall and Brus-
sels, won the biggest spontane-
ous ovation of the conference.

He rounded off a jocular bid
for the leadership of the "busi-
ness" faction in the govern-
ment by ripping up an elongated
sheet of detailed regulations.

Unlike the other ministerial
"bastards" recently subjected
to a prime ministerial rebuke,
Mr Hamilton insisted that he
was acting with the full
approval of Mr John Major.

He confirmed that a substan-
tial deregulation bill would fea-
ture in the legislative pro-
gramme for the new
parliamentary session.

Heseltine set for return to work

MR MICHAEL Heseltine is to
return to his office at the
Department of Trade and
Industry next Wednesday after
being assured by his doctors
that he requires no further
treatment as a result of his
summer heart attack.

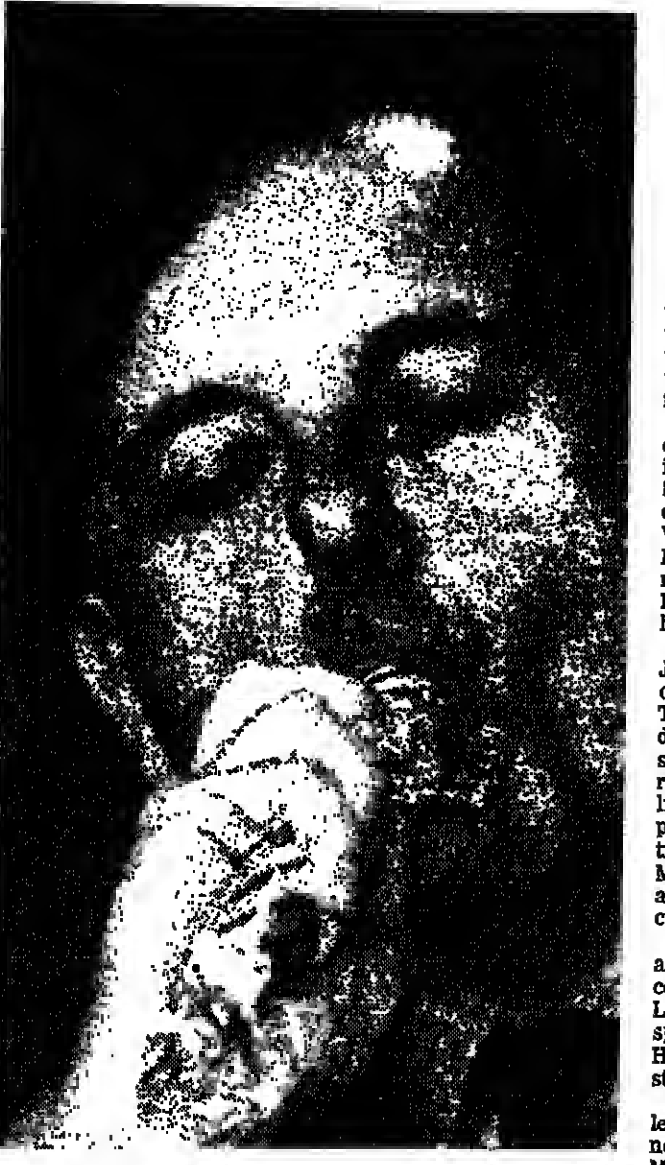
Mr Heseltine plans to con-
centrate at first on the depart-
ment's strategic decisions, de-
legating less important work to
others in his ministerial team.
He will also scale back the
number of public engagements
traditionally undertaken by
the secretary of state.

MPs may observe Russian election

BRITISH Foreign office officials
said yesterday that the
government would probably
send a parliamentary delega-
tion to Russia next month to
ensure that the new round of
elections to the Russian parlia-
ment was conducted fairly.

In his address to conference
yesterday, Mr John Major said
that Mr Boris Yeltsin, the Rus-
sian president, had invited
Britain to send delegates to
Moscow to act as observers for
the elections, due to be held in
December. The request came in
a telephone conversation
between the two leaders on
Thursday.

The Foreign Office said yester-
day that observers for the
forthcoming elections would
probably comprise a high-level
team from the British parlia-
ment, including several MPs. It
was unclear whether other
countries had received a simi-
lar request.



Tory through and through: education secretary John Patten

Conference with the fringe on top leaves activists bewildered

IT WAS the noises off that
counted. From the stage of
Blackpool's Empress Ballroom
the party faithful were calmed
with populist rhetoric. But it
was the hubbub from the
wings which told the story of
this week's Conservative con-
ference.

The activists arrived bewil-
dered by the government's
incompetence, angered by its
failure to tackle crime and
enraged by the imposition of
VAT on domestic fuel. They
left with few solid commit-
ments, but half-persuaded at
least that their voices had been
heard.

They will never cheer Mr
John Major with the passion
once reserved for Lady
Thatcher. But most have
decided at last that particular
segment of the past cannot be
revisited. She stole the head-
lines this week but not the
party. Nor, in spite of the ques-
tion mark which hangs over
Mr Major's leadership, do the
activists lust for another ex-
ecution.

But on the fringe (these days
as important at Conservative
conferences as it used to be at
Labour ones) and in the faded
splendour of the Imperial
Hotel, it was a different
story.

It was here that his col-
leagues pondered quietly and
not-so-quietly whether Mr
Major's premiership could be
rescued.

Philip Stephens on how the week has been dominated by gossip and a very real political vacuum

Here, the right and left
claimed to be filling the ide-
ological vacuum at the top. Here
were the subtle manoeuvres
of politicians who are not quite
sure if, and until when, their
leader would survive.

The conventional wisdom
was that the right wing won
the day. The broadest smiles
were on the faces of Mr Michael
Portillo, Mr Michael
Howard and Mr Peter Lilley.

The "bastards" appeared to
exult in the label pinned on
them a few months ago by the
prime minister.

They had a point. The per-
ception of most in the cabinet
is that on issues such as law
and order and family values a
much tougher stance catches
the public mood. Bashing Brus-
sels provided an easy safety
valve for the party's depres-
sion.

But the shift should not be
exaggerated.

The Tory party at conference
is always well to the right of
its own government. With one
or two notable exceptions, min-
isters - and Mr Major - prefer
to pander to their supporters
than to forgo that precious
conference ovation.

But this is still a centrist
Conservative government. Mr

Douglas Hurd has not been
transformed into a Euro-
sceptic nor Mr Kenneth Clarke
into a free-market ideologue. In
spite of his unexpectedly cheap
jibes at the bureaucrats of
Brussels, Mr David Hunt
remains an apostle of the
social market.

Mr Hurd, one of the few in
the government able to lead
rather than be led by the Tory
party faithful, offered an elo-
quent critique of the Maoist
revolution sought by some of
his rightwing colleagues. Mr
Major is still not "one of us".

The alternative ideologies
presented on the fringe - Mr
Portillo offered the most con-
vincing from the right - and
the gossip at the glittering
parties hosted by Lord Archer
did however reveal the vacuum.

Mr Major's call for a return
to the values of the 1950s will
not fill it. Village greens, warm
beer and neat rows of terraces
appeal to the sentimentality of
the Conservative party.

Yesterday's speech was the
one that Tory prime ministers
make when they are in trouble.
Lady Thatcher made one like it
in the late 1980s. But none of
his colleagues were pretending
it was a prescription for pur-
poseful government.

For a range of reasons there
is no enthusiasm in the cabinet
for a change of leader. The
"bastards" do not yet have a
credible candidate. Mr Clarke
is not at all convinced that the
party would service another
assassination. Many hope gen-
uinely that Mr Major will
rebuild his authority.

But no-one is sure. His
friends are impatient with Mr
Major's failure to mobilise the
power of the premiership. His
enemies are prepared to give
him only conditional support.

They will not push him under
Westminster's No 11 bus, but
they are far from certain it will
not knock him down anyway.

This week Mr Major won
some time. It is possible that
the history books will record it
as a turning point. But possible
is the operative word.

The next few months, in the
phrase of one senior minister,
will be a "bloody winter". Mr
Major has cemented the alli-
ance with the Ulster unionists
which might double his Com-
mons majority on issues of
confidence. But ministers are
filled with foreboding that the
habit of rebellion on the Tory
backbenches. The Budget will
provide plenty of excuses for
disloyalty. So too will the Brit-
ish Rail privatisation and the
European elections.

The prime minister has won
a breathing space. He cannot
afford to waste it.

Strained fireside chat delivers a glow of unity

By Kevin Brown

IT WAS probably the most
stage-managed speech in Brit-
ish political history. To the
detached observer, it looked
strained, cynical, and deeply
un-British. But it worked.

After four days of synthetic
platform unity, the party
finally screwed up its courage
and discovered the real thing,
or at least a plausible imita-
tion.

The prime minister promised
a fresh approach, and he deliv-
ered it. Gone was the autocrat
he has used in previous confer-
ences, and with it the worst
excesses of the Dalek delivery.

Instead Mr Major relied on a
mix of notes and memory.
There wasn't much spontane-
ity, and when there was, he
overdid it.

It sounded more like a fire-
side chat than a rousing ora-
tion. If it was the speech of his
life, that was only because of
the poverty of his previous
efforts.

But none of that matters
much. Mr Major wasn't trying

to win an Oscar, or to impress
the intelligentsia, which he
knows will sneer at his back-
to-the-future message.

He set out to assuage the
worries of the Conservative
heartlands, and he succeeded
by pressing the right buttons -
rising crime, bad schools,
national pride.

Conservative leaders always
promise a return to greatness.
But Mr Major went further,
specifically praising the values
of the 1950s and ridiculing
"fashionable" theories on hous-
ing, crime and the family.

The message was in the lan-
guage, and it was perfectly tai-
lored to his audience.

His critics call him weak, so
he warned the French to get
their tractors off our lawn.

They say he cuts a poor fig-
ure on the world stage, so he
talked about his telephone call
from Boris Yeltsin.

There were some good jokes,
courtesy of Sir Ronald Miller,
playwright and former speech-
writer for Lady Thatcher, for
whom he penned the line "the
lady's not for turning".

For Mr Major, the best he
could come up with was a joke
about bookshops selling "mem-
oirs to the right of me, mem-
oirs to the left of me".

If the speech lacked a big
idea, blame Sarah Hogg and
Nick True from the Downing
Street policy unit. But it could
have been worse.

Mr True, an Oxford chum of
Michael Portillo, was respon-
sible for last year's impassioned
call for more toilets on motor-
ways. Saving post offices will
play better than that.

It all added up to a 12-minute
oration, triggered by a video
clip of last year's oration, and
helped by the inevitable Elgar
and a free red ensign for every
representative, courtesy of the
British Chamber of Shipping.

The applause was passion-
ate, and it was genuine. The
party had found its voice, and
it didn't want to stop. If it
looked more like the Republi-
cans in Boston than the Con-
servatives in Blackpool, they
didn't care. But for those who
were only watching, it left a
bad taste in the mouth.

Mixed views in Bridgwater as Lib Dems wait to pounce

THE OVATION given to Mr
John Major yesterday found an
echo in at least one corner of
Somerset's Bridgwater constitu-
ency, where a small panel of
voters selected by the FT has
sat in judgment on all three of
the party conferences.

"It was an excellent speech,"
said Mrs Beatrice Forber, a
Tory supporter who admits she
has been unhappy about the
party in the past year. "He is
suddenly coming into his own.
I feel that the shadow of
Thatcher has faded and she
will now go where she belongs
into the history books."

The panel, however, was
sharply polarised by the con-
ference. Mrs Forber considered
it would "steady the boat" and
be "tremendously helpful" in
dissuading Tory supporters
from deserting to the Liberal
Democrats. Bridgwater is one
of four Tory-held seats in Som-
erset which could be vulner-
able to the Liberal Democrats at
the next general election.

Others thought rightwing
sentiments expressed by some
of the speakers might alienate
the uncommitted.

Mr Allan Challenger, a for-
mer member of the Labour
party, was dismayed by the
tone of the conference. "I
found the discussions on law
and order and single parents
putrid in terms of their prej-
udice," he said. "I fear that the
right is gaining dominance in
the Tory party at the moment."

He thought the conference
might backfire on Tory
attempts to spike Liberal Dem-
ocrat guns. "Some of the lan-
guage used has been so ex-
treme that people with mis-
givings about what the Tories
have done to the social fabric
would be rather alarmed."

Mr Hugh Barran, a solicitor
and Liberal Democrat sup-
porter, agreed. The conference
made the Tories appear "less
attractive, more doctrinaire
and less sympathetic". They
needed a sense of balance on
issues such as single parents.

"Any system of benefits has
some room for abuse. But the
right appear to be taking it out
on some people who are not
capable of looking after them-
selves properly."

Mr Ian Weston, a Bridgwater
businessman, also felt the
Tories appeared insensitive,
but did not blame Mr Major.
"At the moment, he is the only
person whom I want to lead
the Tory party... Kenneth
Clarke would be disastrous."

The panel agreed that
extending value added tax to
domestic fuel would continue
to damage the Tories. Mr Chal-
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The first two articles in this
series appeared on September 23
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Hoping for the best

"AS A CONSERVATIVE chancellor I simply cannot accept that a government should be borrowing £1 for every £6 that it spends." These were the words from Mr Kenneth Clarke at the Conservative party conference this week. The question is not just whether he will try to do much about it, but whether he will be allowed to by his party.

What Mr Clarke should do is clear: he should eschew fiscal fine-tuning and deliver a medium-term fiscal profile that is credibly sustainable. In other words, it should look sustainable, even if everything does not turn out as Mr Clarke and his colleagues hope. Given the political timetable, most, if not all, of the fiscal adjustments should be made now. Then, with a sound fiscal position behind him, Mr Clarke could, if necessary, use monetary policy aggressively to encourage a growth of nominal demand consistent with low inflation and sustained economic growth.

There are two good reasons for avoiding fiscal fine-tuning: the first is that there is little evidence that it works. The second is that the timing of the new unified Budget rules it out in any case. A November Budget is too early to make sensitive judgments about likely economic performance in the next financial year, which begins only in April 1994. But this is not a problem. It should be regarded as a blessing, instead.

In making his decisions, the chancellor does at least have the luxury of a fairly satisfactory short-term position. The consensus of forecasters is that the economy will expand by about 1.6 per cent between 1992 and 1993. For next year the consensus forecast is close to 3 per cent. Even inflation is expected to remain just below the government's ceiling of 4 per cent in the year to the fourth quarter of 1994.

Crowd out

So far, so comfortable. The question is whether this growth can be sustained. Fiscal deficits do matter in this context, principally to the extent that they crowd out investment or are seen to threaten a rise in inflation. At present, crowding out is not a problem. But medium-term sustainability is. Last March, Mr Norman Lamont introduced a phased fiscal adjustment of £10.3bn (1.4 per cent of gross domestic product) by 1995-96. Even so the public sector borrowing requirement was forecast at 3.4 per cent of GDP in 1997-98, on fairly conservative assumptions about economic growth, while the ratio of net public sector debt to GDP was forecast to double between 1991 and 1995. This is not demonstrably unsustainable, but it leaves too many

hostages to fortune.

The further adjustment of £4bn-£5bn (¼-½ per cent of GDP) being discussed by ministers is probably the minimum that is needed. To be safe, it needs to be more. The problem is that the numbers for the deficit have become too large to be politically manageable, particularly by a fractious party, possessed of a small parliamentary majority and led by an unpopular prime minister subject to constant attacks from embittered former ministers.

One wing of the party insists that cuts should fall on spending. Next year's control total (public spending less the cyclical elements) of £253.5bn, should not, says Mr Lamont, the man who agreed it, remain sacrosanct. In response, Mr Clarke says that this is already the toughest spending round he can remember in "14 years as a minister".

Radical cuts

Who is right? Both of them are. Mr Lamont is right that spending plans cannot remain sacrosanct if further tax increases are to be avoided. Mr Clarke is right that what is likely to be virtually no real increase in the control total is tight, at least by the sloppy standards of the last few years. If the chancellor wishes to prove his case, he need only point out that he, Mr Kenneth "one-nation-Tory" Clarke, is demanding radical cuts in welfare benefits, while Mr Peter "no-turning-back" Lilley is refusing them. Even Lady Thatcher herself is insisting that defence spending must be spared. Radical public spending cuts are just not going to happen.

If spending cuts are difficult, tax increases look still less acceptable, particularly economically sensible ones, such as extension of VAT. VAT on fuel and power is only going to rise £2.3bn in 1995-96, a mere 5 per cent of the projected PSBR. But just listen to the fuss. Meanwhile, nobody in the Tory party is complaining much about the economically inefficient and regressive proposal to increase national insurance contributions, which is expected to raise almost exactly as much. Yet the deficit cannot be closed by loading taxes more heavily on people who do not vote Tory, for the simple reason that the party gains support from most of the people who have an appreciable taxable income.

If neither radical spending cuts nor radical tax increases occur, the government is reduced to hoping for the best. Some commentators even think this is the ideal assumption, about economic growth, while the ratio of net public sector debt to GDP was forecast to double between 1991 and 1995. This is not demonstrably unsustainable, but it leaves too many

Mr John Major's address to the Conservative party conference in Blackpool yesterday was the most effective he has delivered to such a large audience since he became prime minister. He appeared relaxed, in control. His jokes worked, or at any rate some of them did. He asserted an air of authority. He maintained his dignity. He allowed himself the expression of some passion, and professed strongly held convictions. He came across less as the stilted puppet embarrassing us all with talks of motorway cones, which he did in October 1992, and more as what he is in reality: an ordinary yet ambitious man doing his personal best in extraordinary circumstances.

The content was another matter. Mr Major pandered to the longing of his audience, particularly the elderly among them, for a return to a golden age where probably never was one in which rows of obedient schoolchildren sat at their desks and did simple pencil and paper tests, the streets were free of crime, miscreants were severely punished, the church was respected, grandparents were held in high regard, and pornography was unheard-of.

The ancient enemies - trade unionism and socialism - having faded, replacement enemies have been discovered. Many a conference speech this week centred on the trendy liberals of the permissive 1960s. Mr Major gave the untrendy conservatives of the 1990s what they say they want. This might strike a chord with voters who feel disoriented by the atomisation of society. It is a huge irony. The contribution of Tory policy to that atomisation, to the widespread alienation of individuals from their communities, was not touched upon. The 1980s were somehow missed out. Yet the question asks itself: if crime is rampant, the budget deficit is out of control, illiterates are being produced by our schools, and revered institutions (such as the monarchy) are challenged, then who has been in charge while all this has been happening?

The prime minister did not go into that. The essence of his "back to basics" theme was expressed by the education secretary, Mr John Patten, on Wednesday. Parents must provide a caring and disciplined home environment, said Mr Patten. "And we should not be afraid to say so - even if we are accused of wanting to turn the clock back. As Conservatives, we should be proud of wanting to do just that..."

Mr Major clearly longs to turn the clock back - to an age in which prime ministers were not vilified. He may have moved nearer to that objective yesterday. Last year he repeated the words "Britain" and "British" in a disastrous speech that did nothing to enhance his stature. This time he used the Union Jack as a stage backdrop to his nationalism. Propped up by the flag, he told the French to get their tractors off our lawn. He spoke with precision. His thoughts were well-ordered. There may be more to him than has so far met the eye. He is plainly capable of learning from past errors.

The broad strategy for the resuscitation of his prime ministership is now clear. Every effort will be made to restore the public's confidence in the Tories as the party of sound money, the nation state, law and order, and a rigorous education. The Conservatives will be unashamed promoters of business, big and small. As to Europe, the

The odds on John Major's survival have shifted this week from a whisker against to a whisker in his favour, says Joe Rogaly

Iron enters his soul



Salaam Blackpool: John Major acknowledges the applause at the end of his speech to Conservatives yesterday

prime minister will stand on his soapbox and campaign against socialism, just as in last year's election he campaigned successfully against proportional representation and a Scottish regional assembly. These were enemies of the British polity, to be voted down. When he is whisked Rule Britannia, the picture of the Union Jack behind him almost flutters.

Mr Major's performance may serve to silence some of his detractors. It is not obvious that it was enough to save his job. Before he spoke, you had to search for a long time in Blackpool to track down one of the rarest specimens in contemporary British politics: the Conservative who has complete confidence in his party's leader. It was especially difficult to find any minister whose private view was that the party is well-led. It did not matter whether the question was "do you think he should resign?" or "would it make a difference if the government was led by someone else?" or "will he be back in 1997?" Nor did it matter whether the answer to all or any of these questions was "no".

The message was conveyed in other ways, by a hesitance before replying, by a discursive response, by body language, by a shiftiness of the eyes. There are a few exceptions

- Mrs Virginia Bottomley is one - but in the opinion of many of his close colleagues, the prime minister has used up all but one or two of his nine lives. "He should deploy the powers of his position," said one member of the cabinet. "He must learn to convey a sense of direction," said another. "He lacks ideology," complained a third.

Yesterday he attempted, with some success, to show that he is capable of meeting all three of those tests. He was less the glad-handing

The contribution of Tory policy to the widespread alienation of individuals from their communities was not touched upon

Midwestern politician, more the occupant of Number 10 Downing Street, "who would have thought it?" he mused in November 1990, on finding himself prime minister. Lately he has taken to receiving visitors alone in the cabinet room seated centre-table. Some of the aura of office has at last begun to enter his soul.

The government's survival tactics

for the next few months will be dictated by the parliamentary arithmetic as calculated by Mr Richard Ryder, the chief whip. To take a celebrated example, the final shape of rail privatisation will be determined by the best package that can be negotiated with a handful of potential backbench dissenters. Again, the biggest parliamentary hurdle ahead is the Budget and spending package due at the end of next month.

Mr Kenneth Clarke will not be easily intimidated by the prospect of backbench revolts. In happier times the chancellor would have had no need to be. Perhaps he has none now. Even the most egotistical and self-opinionated Tory rebel may be expected to pause before voting down her or his own government's finance bill, whatever it contains. Yesterday's appeal for unity by Mr Major may reduce the number of renegades.

There could, however, be defeats on details during the committee stages. Mr Clarke has sensitive political antennae. He will know without being told what would be a safe parliamentary passage. The imposition of an 8 per cent value added tax on domestic fuel from next April and more than twice that from April 1995 is already legislated

for, although Labour may seek a procedural means of reopening the question. Doubling up and taking the whole 17½ per cent hit in 1994, which is one of Mr Clarke's options, would do the job for the opposition.

Assuming that November passes safely by, the next determinant of Mr Major's fate will be the judgment of the electorate in by-elections, May's local elections and the elections to the European parliament in June. If these are not the total routs suggested by the current state of voter discontent with the government, the prime minister may regard the battle for the restoration of his authority as half-won. In such circumstances he would doubtless reshuffle his cabinet in July. That would be an opportunity to promote some young bright stars, such as Mr Stephen Dorrell, and to spring a surprise, such as appointing Lord Archer chairman of the Conservative party.

The latter is not the darling of the chattering classes, but he could be a skilful street-fighter. He has been weight-training for the job for at least seven years. His speech on Wednesday was electrifying; it was noted, with a wry comment, by Mr Major yesterday. Jeffrey Archer would bring a Hailsham bell-ringing approach to the next general election. The existing chairman, Sir Norman Fowler, could be moved to education. He knows how to run a department. Mr Patten, the present incumbent, has yet to learn to do so.

What is going on? Here I am talking about budgets, long-range election planning, cabinet reshuffles in midsummer next year, all as if Mr Major and his government have a comfortable period of office ahead of them. Is this not the clutch of half-competents that has been enduring the derision of the country for the past year? Is this not the prime minister of whom the first question on everyone's lips is: "How much longer has he got?"

It is them, the very same. One more mishap, one further pratfall, and they, plus their leader, will yet again be clinging to office by their fingertips. But the season of political conferences has changed the script. It has shown that the Labour party is not easily reformed. The fragility of the Liberal Democrats' resurgence is now well understood, although, if the vehemence of the attacks on the Lib Dems this week is anything to go by, Mr Paddy Ashdown and his crew are greatly feared.

Fear can be productive. This week we have seen how Tory minds can be concentrated by the spectre of opposition. The unity demonstrated at the conference is a facade, but so is the unity of all large political parties. The public face is what the public sees. The appearance of determination, or grip, in Mr Major yesterday is something new, but it may develop into something substantial. The Tories' hard line on crime, social security, housing for unmarried mothers, education and Europe may be regarded as a capture of the party by the right, but that is probably in tune with the instincts of most core Conservative voters.

When the economic recovery gets under way, the government will become less unpopular. Mr Major may trumpet, as he did yesterday, the prospect of sustained non-inflationary growth. The odds on his survival, always finely balanced, have shifted from a whisker against to a whisker in his favour.

MAN IN THE NEWS: Alex Trotman

Ford's new model man

It was an occasion rich in symbolism. On Monday some 2,000 employees, dealers and suppliers of Ford Motor, the world's second-largest car manufacturer, converged on the company's oldest assembly plant in the Detroit suburb of Dearborn.

There Mr Harold Poling, chairman, drove a red convertible off the assembly line, marking the start of production of a redesigned Mustang - a sporty, moderately priced car which was wildly popular with young Americans when it first rolled out of the same factory 29 years ago. It even inspired the classic 1960s pop hit, "Mustang Sally".

Mr Poling also announced he would retire at the end of the year, naming his successor as English-born Mr Alex Trotman, 60, head of its worldwide car operations, who will be the first chairman of Ford born outside the US.

The pairing of the events is significant, for Mr Trotman played a key role in developing the new Mustang, and in the process displayed many of the qualities which have won him the chairmanship - even though he was considered a rank outsider a few years ago.

In 1990, as head of Ford's North American car operations, he faced a tricky choice: should Ford allow the aged Mustang model to die quietly or spend heavily to update it? Many senior executives, concerned about costs, leaned towards euthanasia. But Mr Trotman argued, successfully, that the car had become a "US icon". It was, he recalls, "unthinkable to me not to have a Mustang".

American consumers have yet to pass judgment on the vehicle, but its development highlights Trotman's strengths. His broad experience in a 33-year career with Ford has given him a keen understanding of what sells, together with the rigour to control costs and product timeliness.

This practical experience must have weighed heavily with the board when it chose him over the previous front-runner - the urbane, witty Mr Allan Cilmour, a vice-chairman who had spent most of his career in finance or staff jobs and lacked Mr Trotman's scars from the production trenches.

Another factor was Mr Trotman's international experience. He is the only Ford executive to have run all three of its geographical sectors of operation - Asia-Pacific (in 1983-84), Europe (in 1984-89), and North America from 1989, when he steered the business through recession.

"Trotman is a very seasoned international executive which is vital in a top position today," notes Mr David Cole, a car industry expert at the University of Michigan. "He is a very experienced international executive which is vital in a top position today," notes Mr David Cole, a car industry expert at the University of Michigan.

Detroit's other two big motor manufacturers, General Motors and Chrysler, have also appointed new chief executives in the past 12 months, both similar to Mr Trotman in their international and production backgrounds.

This is a recent shift for Detroit, which used to be run (notably at General Motors) by men from the finance side who knew little of the world beyond America.

Each of the Big Three faces the same basic challenges: a market which is increasingly global and where excess capacity means tight profit margins and success only for those staying close to the consumer,



while maintaining the highest quality and tightest costs.

Ford seems the best-placed of the trio, with a slim US workforce and sharply rising market share, thanks to vehicles such as the four-wheel drive Explorer, though it is losing money in Europe.

But Mr Trotman is hardly complacent. "We can do everything better than we do it today," he said this week. With a closely clipped moustache, erect bearing and rather military air, he comes across as a very self-disciplined individual.

"I carry lots of data with me," he says, "pulling several sheets of figures from a suit jacket pocket. 'Very important data... I can tell you by item the make-up of the \$87bn of costs we have in North America. I can tell you what all those items are, how it compares to '92, how we're doing against budget. And I have it in my head how much better are we going to do in 1994'."

The son of a carpet layer/upholsterer, he was born in Middlesbrough

raised in Scotland (he still speaks with a gentle burr) and joined the Royal Air Force after school.

After four years as a navigator, he answered a newspaper job advertisement at Ford's Dagenham plant in Essex, and learnt about production as a "progress chaser" - making sure parts got from suppliers to the assembly line in time.

His big break came when he played a key role in developing a new car, code-named Archibishop, which became Ford's most successful British car of the 1980s - the Cortina.

In 1989, anxious to get to the US, he pressured a reluctant Ford to offer him a job in Detroit. "International staff did not normally transfer to the US," he was told, but he was quickly moved up the hierarchy, taking US citizenship along the way.

Colleagues describe him as a man of quiet self-confidence who pursues a goal with intense determination (sometimes excessively so) and is willing to take unpopular positions.

He is a strong opponent of elitism and emphasises the importance of communication and teamwork - useful qualities in an industry trying to devolve more responsibility to its workforce and raise quality.

When he became head of US operations he scrapped separate executive dining rooms and a tradition whereby top executives wrote memos on blue paper, while lesser mortals used white.

The University of Michigan's Mr Cole sees his appointment as part of a transition - also evident at Chrysler and GM - away from larger-than-life chief executives (such as Chrysler's recently retired Mr Lee Iacocca) to leaders who have more the qualities of a team coach.

"The top guy has to be someone who can keep a management team working together... that becomes almost the most important criterion," he argues.

It may be a less colourful way of running the industry, but in a complex global market it may well be more efficient.

Martin Dickson

FINANCIAL TIMES MAGAZINES

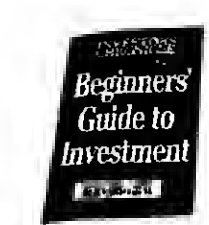
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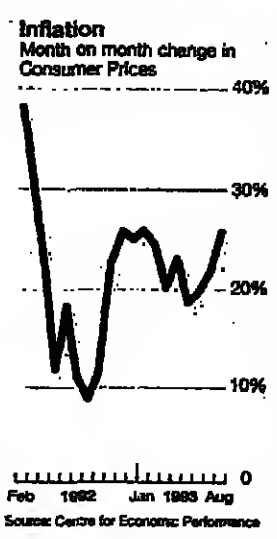
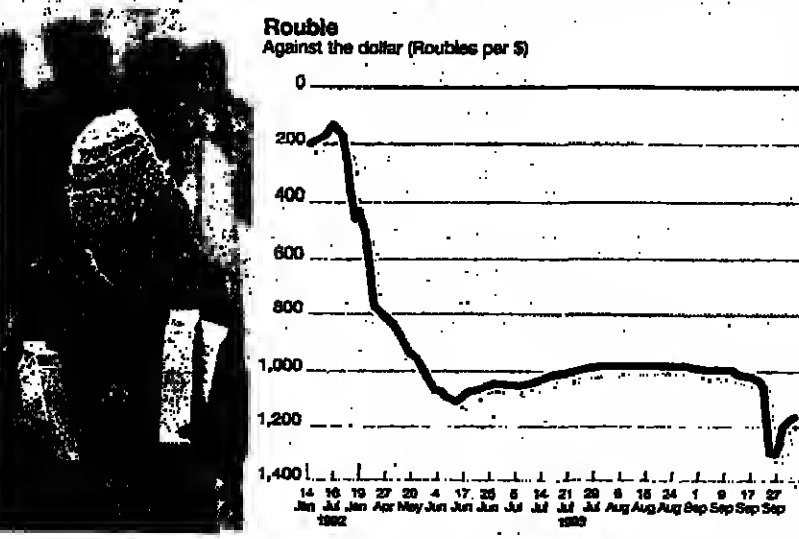
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Membership up at reform club

John Lloyd and Leyla Boulton on Russia's economic prospects

Russia: the struggle continues on the economic front



A new wave of economic reform is being planned in Russia. The violent clearing of the ground between President Boris Yeltsin and the Russian parliament which has just been witnessed has - an early judgment would suggest - changed the atmosphere, at least for a while. Consciously they are working in the shadow of a bloody suppressed revolt, the reformers are nevertheless determined to take advantage of it to initiate change which has so far eluded them.

Both Mr Boris Fyodorov, the deputy prime minister for finance, and Mr Sergei Vassiliev, head of the government's economic reform centre, agree on this: that the spectacle of tanks battering the White House parliament building produced a sudden spasm of acquiescence among institutions, regional councils and individuals that had previously been more or less strongly opposed to central power.

Mr Fyodorov, his big-cat smile a little broader, says that, when formerly difficult regional and republican leaders come to see him in his ministry now, "we have very pleasant conversations". Mr Vassiliev, working on new plans in the quiet seclusion of the Volynskoye government estate in the Moscow suburbs, says: "Of course we are all shocked. But for ordinary people it is not at all a bad thing to have a strong man in the Kremlin."

What will the two men do in the period until parliamentary elections, set for December 12? In the short run, not much. Mr Fyodorov says: "My aim is to get through this period with honour" - by which he means that he will constrain the budget within harsh limits and try

to stop his colleagues from making too many expensive promises. He intends to cut the budget deficit for the fourth quarter from an estimated Rb12,700bn to Rb4,600bn. Now that Mr Yegor Gaidar has been reappointed first deputy premier for the economy, Mr Fyodorov says, his job is much easier, because he no longer gets demands for increased spending from the economics ministry - "instead they put in an estimate of the deficit even lower than mine, at under Rb4,000bn - but you must be realistic".

Mr Vassiliev says that some liberalisation of prices - in energy and grain - with an opening up of foreign trade, will be possible before the elections. There will also be incentives for house construction and the strengthening of private property rights, as well as "post-privatisation measures" designed to help managers restructure enterprises and run them more efficiently. This, however, does not tackle the central problems.

First, there is the delayed matter of financial stabilisation - a process still being planned, on the assumption that the government returned after the elections will be a radical one. Mr Vassiliev believes that the liberal-conservative electoral bloc, Russia's Choice, which Mr Gaidar put together in his months out of government, will do well. "It is very necessary that we should have a coherent and united government: we don't have it now."

He, with others in the government, believes that the International Monetary Fund must work

more closely with the planners on the stabilisation programme than they have. "They must recognise that the ministries have different demands, and must work with them to find out what laws are needed to implement the programme." The various packages the IMF has supported in the past have included a fund of at least \$5bn to back the stabilisation of the ruble; the probable aim of the reformers will be to achieve this early next year, perhaps as early as January.

The second large area, on which Mr Fyodorov is working, is to develop a fiscal system that allows the regions and the republics to exercise some real financial autonomy - but that at the same time gives the centre authority. To say that the centre and the regions are at each other's throats on control of resources is an oversimplification. The centre, based on a few republics' refusal to pay taxes, such as the diamond-rich Sakha (formerly Yak-

utia), and provinces such as the oil-producing Tyumen. Mr Fyodorov says: "The problem of withholding taxes was exaggerated: when we examined it closely here, it did not seem so bad - they (the regions) remit most of their taxes." In an average region like Perm in the Urals, with heavy industry, some mineral wealth, and 30 per cent of its working population on the land, there is a recognition that they must work within a rational framework. Mr Viktor Gorbunov, in

charge of privatisation in the region, says he cannot get real improvements in the performance of privatised enterprises when inflation is so high - more than 20 per cent in September - and ineffective anti-monopoly legislation fails to promote competition. Above all, he says, "financial policy cannot be decided by the regions".

Mr Fyodorov wants the regions, like federal Länder in Germany and states in the US, to have control of some tax revenue, under ceilings established by government. He must also tackle the critical, but touchy, matter of redistribution - trying to avoid a free-for-all in which the one-third of regions and republics that are rich get richer, leaving the middle one-third to stagnate, and the one-third cursed with obsolescent industries and/or inefficient agriculture to decline further. "The value added tax will be the basic mechanism for redistribution," says Mr Fyodorov. "We want a single rate to apply all over the country - now the situation is that there are different rates for different regions."

"But we in the centre must stop the system where we intervene everywhere... In general, people in the regions like the notion of having some fiscal autonomy: they don't quite know what it means but they like it."

Mr Vassiliev says that when, after the collapse of the old centralised system, it became obvious which parts of the country were "profitable" and which were not, "you

have a huge problem - how to convince the rich to help the poor. The system must be transparent: perhaps we need a Council for Mutual Economic Assistance [an ironic reference to the Comecon, the former common market for communist states] which really will render mutual assistance."

The political framework will determine everything. The present government remains split - with market reformers like Mr Gaidar and Mr Fyodorov uneasily coexisting with relative conservatives like Mr Viktor Chernomyrdin, the prime minister. While Mr Fyodorov struggles to be rid of Mr Viktor Geraschenko, chairman of the central bank, Mr Chernomyrdin protects him. Reform under such conditions is possible only in small steps. Says Mr Fyodorov: "The central bank never says no directly, but it delays, and it does not take the measures it should take without being told to."

The elections should make matters clear in two ways. First it will show the inclinations of the new business groups, which will emerge as the main backers of parties and individuals. Mr Vassiliev says the struggle will be between business groups linked to organised crime groups, with an interest in preserving instability, and others seeking a rational and transparent economy.

Second, it will test the will of the country. For while the elections will be chaotic, they will offer candidates that have been identified at federal or regional level with one or other version of reform - or with none. For all the reformers' optimism, the voting intentions of an electorate at once wearied, hard-pressed and volatile cannot be known or even properly estimated.

London High Court proceedings on competition law and restraint of trade do not usually attract crowds of teenage girls. They are likely to turn up on Monday, however, when hearings begin in the case of George Michael v Sony Music Entertainment.

Mr Panayiotou is better known to his fans as singer George Michael. He is asking the court to declare his contract with Sony void and unenforceable because it represents an unreasonable restraint of trade and is contrary to the Treaty of Rome's competition provisions.

If George Michael wins, he will turn the international music industry upside down. Entertainment industry lawyers say many other disaffected performers will demand the renegotiation of their contracts. Record companies say the cost of producing music could escalate.

Whichever way the case goes, it could cast doubt on the ability of Japanese electronics companies such as Sony to manage the creative talent in the western music and film businesses they have bought in the past few years.

George Michael says his problems began when Sony bought CBS Records in 1988. Before then, he says, his years with CBS were creative and productive. When Sony took over, the atmosphere changed.

He adds: "I have seen the great American company that I proudly signed to as a teenager become a small part of the production line for a giant electronics corporation, which, frankly, has no understanding of the creative process."

"With CBS, I felt I was believed in as a long-term artist, whereas Sony appears to see artists as little more than software. Musicians do not come in regimented shapes and sizes but are individuals who change and evolve together with their audiences. Sony obviously views this as a great inconvenience."

George Michael alleges his contract with Sony is unfairly loaded against him. The writ he has issued says Sony is entitled to receive eight albums from him. He has so far delivered two: Faith, and Listen Without Prejudice, Volume 1. Without Prejudice, Volume 1. Given the time taken to record albums, the contract will probably last until 2003. During that period, he is not entitled



George Michael: if he wins, it will shake up the music industry

Wham! A culture clash

Michael Skapinker on George Michael's court fight with Sony

to record for any other company. Sony is entitled to ownership and copyright of George Michael's recordings. He, however, has to bear the cost of making them.

Sony has undertaken in the contract to release between three and four singles from each album George Michael delivers in the US and the UK. Sony does not have to release singles in any other country.

The company is under no obligation to release any of George Michael's full albums in any country. He can, however, under certain circumstances bring the contract to an end if Sony does not release one of his albums in the UK. In some other countries, he has the right to ask the company to find a licensee to release this would be difficult to do. Sony retains copyright over George Michael's recordings even if it does not release them, the writ says.

• The writ says that Sony's right to reject albums "could result in a total sterilisation of the artist's recorded output for a very lengthy period of time, or even for the remainder of his professional career."

The writ alleges the level of royalties paid to George Michael is inequitable. It says the singer has not been able to quantify this exactly, but his lawyers estimate that he received an average 57p an album for his first two releases, while Sony received £1.83.

George Michael also alleges that Sony distributed about 9 per cent of his first two albums free to UK wholesalers and retailers in lieu of price discounts. This meant he received no royalties on these albums.

Sony declined to comment on the case. A music industry lawyer who has negotiated contracts for recording companies says there is nothing unusual about George Michael's contract. If anything, he says, it is more generous than most, particularly in its royalty provisions.

It is true, he says, that young artists, desperate to have their songs recorded, sometimes conclude unfavourable contracts. "When an artist starts out, he will pay a record company to take him on," he says. He adds, however, that while George Michael signed his original contract when he was a relatively unknown member of the duo Wham, he has been able to renegotiate it several times since he became successful.

Mr Martin Mills, managing director of music company Beggar's Banquet, says that the industry will be less inclined to take a chance on young talent if Sony loses and contracts become more strongly weighted in musicians' favour. Money made from more successful acts is currently used to subsidise untried performers, he says.

If George Michael wins, he says, "it would mean artists would have to mortgage their houses to pay for their first recording. Instead of the company investing in them."

Nevertheless, artists have in the past persuaded the courts to declare their contracts void. In one case, the Court of Appeal in 1989 allowed Holly Johnson, lead singer of the group Frankie Goes to Hollywood, to escape his contract with a recording company called Zang Tumb Tumb. The court said the contract, lasting eight or nine years, was "grossly one-sided". It was unfair, the court held, for the company to own the copyright to the group's songs while still retaining absolute discretion over whether albums were released or not.

The court rejected the company's argument that the contract was necessary to enable it to invest in groups which might not turn out to be successful.

Some record industry executives believe Sony has nothing to gain from fighting the case. Even if the company wins, they say, it can hardly force George Michael to record albums if he does not want to.

One senior executive said Sony had clearly mishandled its relationship with the performer. He added: "A lot of this business is built on personal relationships. You have to understand that artists are sensitive people who can easily feel rejected, particularly if they are going through a creatively difficult time."

Dr Kramer says in his book that the drug can, in a substantial minority of patients, change personalities within a few weeks. It can boost social confidence in the habitually timid, make the sensitive brash, and transform the introverted into outgoing, loquacious people - rapidly achieving what psychiatrists hope, and often fail, to accomplish by other methods over a period of years. It can even, says Dr Kramer, improve business acumen.

The drug treats hyperthyroidism, a condition which makes people optimistic, decisive, quick of thought, charismatic, energetic and confident. Dr Kramer dubs the phenomenon "cosmetic psychopharmacology". If you can have plastic surgery, or dye your hair blond, why not take this "anti-wallflower compound" to improve your temperament, he writes. "Since you only live once, why not live it as a blond? Why not a peppy blond?" asks Dr Kramer. It sounds too good to be true. Prozac

High on hype

Paul Abrahams on ethical questions raised by the personality-changing drug Prozac



seems to have few immediate side-effects and, as far as doctors know, is non-addictive. Unlike LSD or alcohol, it boosts confidence and productivity without distorting perception.

Dr Joe Collier, consultant clinical pharmacologist at St George's Hospital Medical School, London, said clinical evidence showed that Prozac was no more effective than older, cheaper anti-depressants. "We've seen drugs hailed as 'transformers' before. For example, when L-Dopa came out to treat Parkinson's Disease, people claimed that it had all sorts of extra qualities. It was even seen as an aphrodisiac," he says.

"The idea that a drug can make you 'more normal than normal' worries me a lot. Anything that makes you feel super-normal for a while may have serious consequences in the end."

Dr Kramer has deliberately not tried to exploit some of Dr Kramer's more dramatic claims, pointing out they are not backed by scientific trials. The company does not pretend that Prozac has mirac-

drawn between acceptable and non-acceptable use of drugs is hard to define; at some point, governments might be tempted to prescribe the drug for criminals or those with anti-social tendencies.

There is also the danger of over-prescription. Prozac's long-term effects are unknown. Valium, for instance, was hailed as a cure for female depression in the 1960s but was subsequently found to be addictive. Five times as many women take Prozac as men.

Pharmaceutical research and development take many years and cost hundreds of millions of dollars. Prozac and the other SSRIs are the product of discoveries made 20 years ago. As the understanding of the brain's molecular biology improves, so even more potent and selective mind-altering drugs will become available. Solvay reckons there are more than 40 such anti-depressants ready to be submitted to licensing authorities or in development. The dilemmas posed by "cosmetic psychopharmacology" will not disappear.

Additional reporting by Clive Cookson

Rail privatisation: treading the same stony path

Mr Roger Ford. Sir, You quote Mr Robert Horton, chairman of Railtrack - the new state agency which will own the railway infrastructure after privatisation - as justifying greater freedom from Treasury borrowing constraints on the grounds that Railtrack's aim is to act as much as possible like a commercially driven plc ("Greater financial freedom for Railtrack called for", October 7).

The same plea could be made on behalf of British Rail, which has spent the last 11 years reorganising itself as a commercially-driven, business-led industry. Surely, the argument for continuing Treasury constraints on nationalised industries is that the state remains the ultimate guarantor of financial risk. This applies however the nationalised industry is organised. In the government's eyes, British Rail can only be just another nationalised industry monopoly, with all the pejorative overtones associated with that title.

While the Treasury's new

public sector leasing rules coming into effect next year may introduce some private sector finance to the railways, it seems that Mr Horton is following the stony path trodden by so many British Rail chairmen in the past.

Roger Ford, business editor, Modern Railways, 8 Russellcroft Road, Welwyn Garden City, Hertfordshire AL9 6QT

From Mr Stephen L Phillips. Sir, I cannot understand the fuss over whether British Rail should be allowed to bid for rail franchises. The award criteria doubtless include assessment of competence at running a railway. Bidders not considered capable of meeting service level targets will be eliminated. British Rail's record will speak for itself. Stephen L Phillips, chairman, Eggcare, Whitegate Industrial Estate, Wrexham, Chwyd LL13 8UG

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Pension prejudice misguided

From N F Rothe. Sir, One begins to feel, on reading the reviews of your columnists and of other journalists, first that the Goode committee recommendations are being evaluated against the presumption that all employer-run pension schemes are being managed by potential fraudsters and, second, that "time is catching up with the UK's occupational pensions industry".

The implication is usually that final salary schemes are being "caught up with". This strikes me as a triumph of prejudice over reason. I think it is not a question of employees deserting final salary schemes, but that misguided popular sentiment, compounded by regulation with which it will prove expensive for the smaller scheme to comply, will increasingly dissuade employers from offering final salary schemes.

At a stroke this will solve the contentious matter of the ownership of surpluses (there aren't any in a money purchase scheme) and the employer will be delighted to be rid of the open-ended commitment to make up the fund if the investments are not performing in line with liabilities. And what will fund members get? A group money purchase scheme or a personal pension, the final outcome of either being both unpredictable and not guaranteed. Further, they are subject to the state of the financial markets at the time of maturity. In addition, the input value of the contributions is likely to have been affected by the amount of salesmen's commissions.

Most final salary schemes will give the pensioner a better deal than the above alternatives, but if people have been conditioned to preferring money purchase schemes, I can only say let them get on with it and I hope that at the end of the day they are satisfied with the result.

My preference is self evident. I understand that likely future patterns of employment may make final salary schemes less relevant than they once were, but that is no reason to threaten the interests of individuals who have maybe 30 years or more of service in such a scheme and are likely to complete full service. They are beginning to worry, not about a Maxwell, but about the value of their fund or contributions being diminished by fiscal discrimination and potentially expensive regulation, and perhaps even wound up because their employer, wearied by the increasing hassle, opts for change to a money purchase scheme.

From S W Duggan. Sir, I cannot help wondering whether there is a conspiracy of silence among those building societies which have issued permanent interest bearing shares (PIBS). Twelve societies have now issued PIBS and the current, aggregate market value of such issues is in excess of £1bn.

To my amazement, not one of the societies has seen fit to have its PIBS prices quoted daily in your columns. I enquired of two societies why they were not advertising their prices in your paper. One appeared to regard the idea as a somewhat quaint notion; the other said I was only the second person to ask the question. Cannot these building societies be persuaded to abandon their excessive modesty? S W Duggan, J D Ward (Financial Services), Number 9 Kingsway, London WC2B 6XF

Priceless

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Make sure of tax credit

From Richard W Evans. Sir, When our family receives dividends by post from companies in which we are shareholders there is often a tear-off form to request future dividends to be paid directly into a bank account for the convenience of all concerned. However, in the instructions as to how to complete the form, very few companies mention that they would still send the tax voucher to the registered address of the recipient.

If my experience is anything to go by, any such vouchers that are sent to one's bank for eventual onward transmission to the shareholder either seem to get "lost" or disappear en route; I certainly will not sign a dividend instruction unless the registrar agrees to send me the voucher showing tax credit, holding etc. I wonder how many other shareholders take a similar view? Registrars of companies such as Southern Water and Rolls-Royce do indeed mention on the form that tax vouchers will be sent direct to the shareholder so why cannot others confirm similarly? Richard W Evans, The Squirrels, Harmer Dell, Harmer Green Lane, Welwyn, Herts. AL8 0BE

Same difference anywhere

From Ms Andrea E Goldstein. Sir, Sometimes, neo-liberal zeal risks turning an otherwise excellent journalist into an ideological guerrilla. Stephen Fidler seems to consider the fact that a cup of coffee costs more at the counter than at the table as a definitive proof of the excesses of state intervention in Venezuela ("Anatomy of a stalled reform programme", October 4). However, what he fails to consider is that, no matter the country - and its development strategy, for that matter - the price for a coffee is always different depending on whether one takes it standing or sitting. Andrea E. Goldstein, 27 rue Compagne-Première, 75014 Paris, France

COMPANY NEWS: UK

ASH shares fall 23% on profits warning

By David Blackwell

SHARES IN Automated Security (Holdings), the international electronic security systems company, plunged by nearly 23 per cent after the group issued a profits warning yesterday.

In a related development, de Zoete & Bevan, ASH's joint stockbroker for 10 years, resigned in a row over the group's enhanced scrip dividend. ASH had rejected its advice that it should revise the terms of the dividend after the profits warning.

The share price fall was initially much steeper because of a mistake in the Stock Exchange announcement at 11.44am. Losses against discontinued operations were shown as £23m instead of £2m.

Before a correction was announced at 12.05pm, the shares hit a low of 90p. They recovered to close at 102p,

down 30p from Thursday's close.

The group warned that its pre-tax profit for the nine months to September 30, which will be announced next week, would be £3m after charging losses for discontinued operations of about £2m and an additional £1m for further reorganisation costs. The results for the full year would be "significantly below market expectations," it said.

One analyst said: "The company has a history of disappointing, and a history of poor share price performance in front of disappointment. I've pretty much washed my hands of it."

Mr Tom Buffet, chairman, said the market had been expecting full-year pre-tax profits of £17m to £18m. In July the group reported interim pre-tax profits of £7.13m on turnover from continuing operations of £74.3m.

Mr Buffet said the £2m reflected the cost of closing the fire systems division whose main business is contract fire alarms. The £1m costs were incurred in finalising the reorganisation.

He described California, where one of the group's main businesses is based, as "a very deeply hit market."

In late afternoon, the group issued a further trading statement noting that "the market for alarm verification systems continues to develop." The group, which claims to be a world leader in this sector through its TVX and Sonitrol technology, cited an announcement from the Los Angeles Police Department that "verified alarms such as those provided by ASH will receive higher priority than normal unverified alarm systems."

Mr Buffet said earlier that 60 per cent of the group's shareholders were based in the US.

Chairman threatened by Tiphook price fall

By Andrew Bolger in London and Richard Tomkins in New York

ANOTHER sharp fall in the share price of Tiphook yesterday made the position of Mr Robert Montague, founder and executive chairman of the container leasing and transport rental group, look increasingly precarious.

The UK company's shares dropped by another 46p to 125p, a 27 per cent fall. They had already fallen nearly 30 per cent on Thursday after the loss-making group warned that it would breach its banking covenants.

Tiphook is trying to negotiate new facilities with its bankers. The continuing pressure on its share price makes it more likely that the lenders will distance themselves from Mr Montague, who has been criticised for his hucaneering style and high salary.

Mr Montague is, however, acknowledged to have a deep knowledge of the business and may continue in a diminished role. Shareholders could also insist on his departure or demotion, as they must approve new borrowing limits at an extraordinary general meeting. The group's gearing will soon breach 500 per cent, the ceiling allowed by its articles of association.

The fall-out from Tiphook's financial difficulties will be felt particularly acutely in the US, where bid speculation and the size of the dividend yield had led to a strong following for the company's stock. More than half the shares are currently held in the form of American Depositary Receipts: these had shed \$1/4 at 8p by midday yesterday.

One US investment analyst said it was "almost a given" that investors would launch legal action against Tiphook, claiming to have been misled by over-optimistic assertions about the company's prospects.

Mr Andrew Silver, an analyst at investment bank Dillon Read, said Tiphook had made statements about its outlook that had proved too optimistic.

Bonds undermine foundations

Richard Gourlay on Greycoat's future after the PosTel rejection

CHRONICLERS of the demise of Greycoat, one of UK's most adventurous 1980s property companies, will have to wait a while longer before bringing their final chapter to a close.

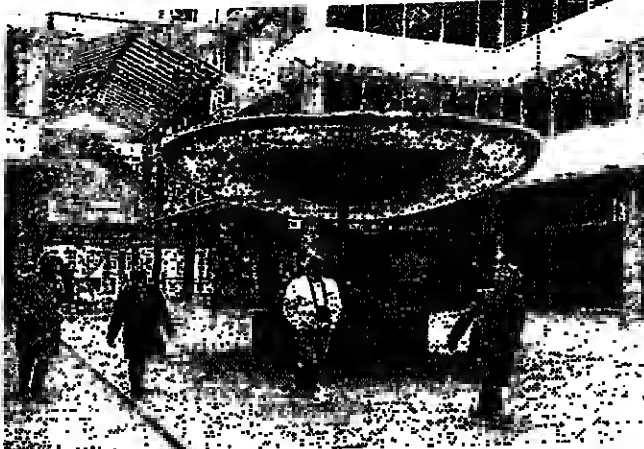
Yesterday, the £121m rescue bid put together by PosTel, the UK's largest pension fund, failed to receive adequate support from two classes of bond and shareholders.

But one way or the other, Greycoat's days seem numbered.

From the moment PosTel published its complex offer document in July, the company was in breach of covenants restricting gearing. If the board's dire warnings to shareholders ahead of yesterday's vote are to be believed, this means Greycoat could be facing the imminent arrival of the liquidators.

Such an event would be an ignominious ending for one of the most exciting of the 1980s property developers. Its main development, at 123 Buckingham Palace Road, Britannic House, and Embankment Place, the imposing office building above London's Charing Cross railway station, have been received with the highest critical acclaim from architects and property investors.

Where Greycoat suffered, along with Stanhope and Rosehaugh two other 1980s developers that have already gone under, was from the severity of the slump in commercial property.



123 Buckingham Palace Road, critical acclaim from architects

Had property values recovered earlier, Greycoat could have been able to meet the looming demands that have brought the company to the brink. Without that recovery in values, survival has proved impossible.

It was the financing of Embankment Place that was the immediate cause of Greycoat's problems. To meet the £160m capital cost, Greycoat was forced to top up borrowings with a £31m bond on which it paid no coupon. The bondholders expected to be repaid £50m in 1995, which would have been possible had the property slump not persisted so long.

Then there is Britannic House, the prestigious building

advisers, who it was revealed yesterday were on a substantial success related fee, speculation rose that another bidder might now show its hand.

Throughout PosTel's protracted offer period no other buyers emerged. It is possible that they did not want to take on such a large institution.

In addition, if some property analysts and the dissenting Greycoat preference shareholders are to be believed, the company's value may have risen since it was correctly valued by PosTel when it first proposed the deal six months ago.

Mr John Katz, a vociferous critic of the deal and a preference shareholder, has strongly questioned the valuation of properties which are at present occupied by tenants enjoying rent free holidays.

This has become a common incentive during the property slump but it clearly has reduced the value of the properties, he says. In a couple of years there would be a considerable increase in the cash flow from these properties, making them very attractive to long-term investors.

Whether this view of valuations proves correct is for the market to decide. One way or another, either through another bid or the services of a liquidator, the hypothesis on which the bond and preference shareholders based their rejection of the PosTel offer will be tested very soon.

Broker resigns in row over enhanced scrip dividend

By Maggie Urry

FORTY MINUTES after Automated Security (Holdings)'s profit warning appeared on Stock Exchange screens yesterday, de Zoete & Bevan announced its resignation as its joint broker. The swift resignation of the broker's announcement suggests a fierce row had blown up between it and the company.

The argument is over the company's enhanced scrip dividend, announced in July. De Zoete, part of Barclays de Zoete Wedd, the integrated securities house, said that it had advised ASH to cancel the share issue, which comes into effect on Wednesday next week, because of the sharp fall in the share price yesterday to 102p.

It said it resigned when ASH refused to take its advice within the timescale it set. ASH said yesterday that the scrip dividend remained in place, but would be kept under review and a decision whether

to proceed with it would be taken by next Tuesday on the basis of what is best for the company and its shareholders.

The scrip issue is still conditional on the new shares being admitted to the Official List. This is usually a formality, but the Stock Exchange could in theory refuse their admission if it found grounds to do so. It is also expected to look at the company's share price movements ahead of the warning.

Under the enhanced scrip shareholders were offered either a cash interim dividend of 3.05p or a 50 per cent higher dividend in shares, worth 4.57p.

The scrip dividend was approved by shareholders at a special meeting on September 23, and 87.5 per cent of shareholders elected to take the shares instead of the cash dividend. This would save the company £3.1m in cash and £900,000 in advance corporation tax which is not payable on scrip dividends.

On Tuesday this week the reference price for the scrip - the price used to calculate how many shares would be issued to meet the dividend payment - was set at 14p. Shareholders who took the scrip dividend are in effect buying new shares next Wednesday at 14p, 40p above the current market price.

Shareholders with 24.3 per cent of ASH's shares decided to accept the scrip dividend but take advantage of BZW's offer to buy and place their new shares. The price set for this placing of 892,000 shares was 13p. Investors who bought those shares are now nursing heavy losses.

It is thought that BZW itself may have been left with some of these shares, which might explain its anger. Furthermore, BZW dreamt up the enhanced scrip dividend idea and has arranged them for 14 clients. It therefore has an interest in maintaining the integrity of the product.

Graystone in agreed bid for Brit Syphon

By Catherine Milton

GRAYSTONE, the engineering company formed out of Parnall Holdings, the flowers and hotels group, yesterday launched its second large paper-backed acquisition in little more than five months.

It is buying British Syphon Industries in a recommended cash and shares offer, which values the engineering, packaging and motor components company at £32.8m.

For every 100 Syphon shares Graystone is offering £76.3 cash, 34 ordinary shares and 28 19.2 per cent cumulative preference shares.

Graystone is raising £18.4m through a 7-for-4 rights issue of up to 167.4m shares at 11p each to help pay for the cash element. It is underwritten by Chemical Investment Bank. The brokers are Henry Cooke Lumsden.

Graystone shares closed 1/2p lower at 10p while British Syphon fell 1/2p to 85p. At the closing price the offer values Syphon shares at 96.5p.

British Syphon brings with it about £2m in cash.

The enlarged group would have turnover of roughly £60m in three distinct legs, mechanical products with some design features, electrical products

and packaging and distribution.

British Syphon has two main shareholders. Both have agreed to accept the offer. Britannia, a subsidiary of Bankers Trust, holds 69.4 per cent, the legacy of an attempt by management to take the company private, and companies connected with Mr Nahu Ram Furl, who joined the privatisation, which hold 23 per cent.

In May Graystone bought Cableform from FKI for £3m, funding the deal by a 14-for-3 rights issue priced at 8p each.

In November it bought three engineering companies from Prospect Industries, a company which Mr Dick Richardson, Graystone's chairman and chief executive, originally floated off from Tace, the environmental controls company. He was managing director of Tace until 1991 when he resigned following a boardroom row.

Mr Richardson, who joined Graystone in June last year, said: "The engineering business is quite a good fit. They are already customers of ours as well as competitors. They also have distribution companies within them which gives us access to new markets."

Graystone hopes to pay both interim and final dividends for the year ended June 30 1994.

Hi-Tec sprints back to £0.78m profit

By Peggy Hollinger

HI-TEC, the sports and leisure wear company 54 per cent owned by its founder Mr Frank van Wazer, returned to the black in the six months to July 31, with pre-tax profits of £776,000 against losses of £2.8m.

Strong growth in the US helped the company record a 29 per cent increase in sales to £34.4m.

Mr Peter Butler, finance director, said the profits improvement stemmed largely from the decision to close the European subsidiaries built up last year, thus eliminating annual losses of about £7.5m and fixed costs of some £3m.

Mr Butler said the European footwear operation, which now relied on distributors to sell the Hi-Tec product, had broken even in the first half. However, the leisure wear division, Bad Boys, had incurred higher losses, leaving Hi-Tec with a £1.6m (£1.4m) deficit in continental Europe.

In the US Hi-Tec benefited from a trend away from white sports shoes towards light weight boots in earthy colours.

The group, which claims 10 per cent of the \$600m (£397m) light weight outdoor footwear market in the US, "is really roaring away," Mr Butler said, including currency gains, sales in the US doubled to £23.6m with profits jumping from \$636,000 to £2.1m.

Hi-Tec also boasted a better year in the UK because of the demise of the price war in the sports shoe market and a reduction in staff, stocks and debtors. "As a result we have been able to get back a huge chunk of the margin we lost last year," Mr Butler said.

The UK and Irish division, which sells both sports shoes and the hiking boot, had returned a small profit of £793,000, against a loss of £261,000, on flat sales of £19.9m (£19.6m).

The dividend was increased by 25 per cent to 1.25p. Earnings per share were 1.4p against losses of 4.86p.

● COMMENT

The shares rose 4p to 64p following one of the most optimistic statements this group has made for some time. Yet this does not mean there is a queue of people waiting to buy into this tightly controlled company. Gearing remains at an uncomfortable 100 per cent plus, which almost certainly means an equity issue to raise cash for the rapidly growing US side. Then there are the nagging doubts following Hi-Tec's sudden tumble into loss last year, the sudden resignations of two powerful non-executive directors in March after just eight weeks in the job. These anxieties are unlikely to be dispelled until the final results at the earliest, leaving little upside in the immediate future. Forecasts are for pre-tax profits of at least £2.5m, leaving a prospective p/e of about 15 times.

Quadratic buys Quota companies for £11.25m

By Andrew Bolger

QUADRATIC, the coin-handling and optical group which came to the market in July, has moved swiftly to fulfil its promise to build a specialist engineering group by acquisition.

The Oldham-based group is paying £11.25m for Quota, a private holding company for two high-technology businesses. Datapac, based in Cambridge, supplies thermal monitoring systems. Automatic System Laboratories, a Milton Keynes company makes call-handling equipment for laboratories.

The consideration is to be satisfied by raising £10.25m through a placing and open offer of 7m new shares at 145p per share and the issue of 688,800 shares to the vendors.

Some 2.2m of the new shares have been placed with the remainder being offered to existing shareholders on a 1-for-4.18 basis.

Quadratic was floated at 123p, valuing the group at £36.4m. The shares yesterday closed 6p higher at 155p.

Mr Tony Gartland, Quadratic's chairman, said the businesses fulfilled the acquisition criteria he identified at the time of the flotation - that they should be earnings-enhancing, have quality products with good gross margins and growth potential.

Datapac, which also has a US operation in Massachusetts, reported turnover of £4.5m in the year to June 30 for operating profits of £1.3m.

ASL had sales of £2.7m in the 15 months to June 30 and made an operating profit of £113,000.

Mr Gartland said his group would keep the existing management and workforce of both companies. However the vendors, Mr Stephen Black and Mr Ian Williams, will play no further role in the company.

He believed Datapac's expertise could be extended into monitoring pressure and humidity, while ASL's products could be broadened out from the laboratory level to the much higher industrial market.

Quadratic expects pre-tax profits of £4.8m and earnings of 9.8p.

A Cohen tumbles to £36,000

SHARES IN A Cohen fell by 30p to 360p yesterday after the company reported a sharp decline in pre-tax profits from £498,000 to £26,000 in the first half of 1993.

The company, which makes non-ferrous metal ingots and is involved in the reclamation and trading of recyclable materials, has also omitted its interim dividend. Last year, an interim of 3.4p was followed by a final of the same amount.

Turnover rose to £43.5m (£38.1m). A tax charge of £181,000 (£477,000) left losses per share at 8.96p (1.19p earnings).

It is also raising a net £7.65m in a rights issue, of which £3.75m will be used to fund the purchase.

Laidlaw's chief executive, will submit his resignation at a board meeting on October 13 following "differences of opinion concerning Laidlaw's strategic direction".

Earlier this year Mr Jackson described Laidlaw's stake in ADT, which was acquired under his predecessor Mr Michael DeGroot, as a "portfolio investment".

In July Laidlaw decided not to take up its proportionate share of ADT's public offer in the US of 18m shares at \$8 each. The \$14m proceeds were used to help ADT finance \$1.3bn debt and meet preference share obligations. As a result of the public offer Laidlaw's stake fell from 28.4 to its current level.

ADT declined to comment on the share price movement yesterday.

Invest mainly in UK quoted industrial companies with a capitalisation of less than £50m. Montanaro is offering limited partnership interests in the fund, with \$1m as the minimum investment. It is hoped to raise up to £30m. Henry Cooke Lumsden has been appointed sponsor and placing agent.

● DUNKELD MBO

The existing management of the shirts and swimwear divisions of Dunkeld Group, which went into receivership in August, have secured backing for a buy-out.

The MBO, which has total funding of £7.8m, has secured £2.6m of equity capital from 31, the investment capital group.

Thornton expands

Thornton, the fund management group owned by Dresner Bank of Germany, is buying Aetna UK's £227m unit trust business in a move reflecting further consolidation in the retail investment industry.

Thornton is understood to have paid £13m for the management contracts on Aetna's 15 unit trusts from the Windsor Group.

The acquisition doubles the size of Thornton's unit trust operations to more than £400m, with total group funds amounting to more than £1.25bn.

December 1991, will use the proceeds to cut gearing. It said the expanded capital base would enable it to continue investment in both its own titles and its contract publishing division.

Scottish Metro sale

Scottish Metropolitan Property has sold Saltire Court, Edinburgh, its largest single asset, for £53.1m to the Abu Dhabi Investment Authority. The net proceeds will reduce short-term borrowings. Current book value of the property is £45.1m.

SeaCon expands

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, is acquiring the container assets and lease and purchase contracts of Clou, the Hamburg-based lessor in deal valued at \$77m (£50.9m).

In 1990 SeaCon left the master agreement business when it sold its fleet to Tiphook.

Hamlet placing

Hamlet Group, the clothes importer, has announced the result of its placing and intermediaries offer of 15.4m ordinary shares at 130p each.

Some 11.54m shares, representing 78 per cent of the issue, were placed firm by Benson Gregory with institutional and other investors. A further 3.85m were placed subject to recall to meet valid applications from intermediaries.

That offer was 4.3 times subscribed, with applications for 16.8m shares received from 80 intermediaries.

ADT share price fell by 44p yesterday to close at 579p following speculation that ADT's largest shareholder, Ontario-based Laidlaw, might sell its 24 per cent stake in the Bermuda-based security services and vehicle auction group.

The speculation followed news that Mr Donald Jackson,

Montanaro launch

Montanaro and company is launching a new smaller companies fund aimed exclusively at institutions. It will

Harrington Kilbride

Harrington Kilbride, the publishing group, is raising about £1.03m net through the issue of 475,000 ordinary 5p shares at 215p.

The company, floated in

ECONOMIC DIARY

TODAY: Mr Kenneth Clarke, chancellor of the exchequer, at the second day of the meeting of European Community finance ministers.

SUNDAY: Greek general elections.

MONDAY: Producer price index numbers (September). Balance of visible trade (July). Summit of Rio Group of Latin American nations in Santiago. EC research council meets in Luxembourg. House of Lords returns from summer recess.

TUESDAY: Constitutional court rules on challenges seeking to block German ratification of the Maastricht Treaty on closer European union. EC social affairs council meets in Luxembourg. Start of two-day Financial Times conference "Retailing - New Opportunities - New Challenges" at Hotel Intercontinental, London W1. Nobel prize for economics to be awarded.

WEDNESDAY: Retail price index (September). Index of output of the production industries (August). Capital issues and redemptions (September). Index of production and construction for Wales (second quarter). Israeli-PLO accord takes effect. European parliament holds extraordinary two-day plenary session in Brussels.

THURSDAY: New earnings survey 1993. Part B: Analyses by agreement. Machine tools (August). Labour market statistics: unemployment and unfilled vacancies (September-provisional); average earnings indices (August-provisional); employment, hours, productivity and unit wage costs; industrial disputes, US jobless claims; retail sales (September); producer price index (September). Two-day conference on relations between the European Community and southern Africa opens in Brussels.

FRIDAY: Usable steel production (September). Half-yearly update of seasonal adjustments to monetary aggregates (August). Financial statistics (October). US consumer price index (September); merchandise trade (August); industrial production, capacity use (September). Nobel peace prize to be awarded.

LIFFE EQUITY OPTIONS

Option	CALLS	PUTS	Option	CALLS	PUTS	Option	CALLS	PUTS
Admiral	300 34 46 25 1/2 14 1/2 21	300 34 46 25 1/2 14 1/2 21	BAT Ind	400 25 25 1/2 14 1/2 21	400 25 25 1/2 14 1/2 21	Bois	100 10 10 1/2 14 1/2 21	100 10 10 1/2 14 1/2 21
Agfa	300 34 46 25 1/2 14 1/2 21	300 34 46 25 1/2 14 1/2 21	BAT Ind	400 25 25 1/2 14 1/2 21	400 25 25 1/2 14 1/2 21	Bois	100 10 10 1/2 14 1/2 21	100 10 10 1/2 14 1/2 21
Agfa	300 34 46 25 1/2 14 1/2 21	300 34 46 25 1/2 14 1/2 21	BAT Ind	400 25 25 1/2 14 1/2 21	400 25 25 1/2 14 1/2 21	Bois	100 10 10 1/2 14 1/2 21	100 10 10 1/2 14 1/2 21
Agfa	300 34 46 25 1/2 14 1/2 21	300 34 46 25 1/2 14 1/2 21	BAT Ind	400 25 25 1/2 14 1/2 21	400 25 25 1/2 14 1/2 21	Bois	100 10 10 1/2 14 1/2 21	100 10 10 1/2 14 1/2 21

COMMODITIES

WEEK IN THE MARKETS

Inco comes to aid of nickel market

WITH PRICES falling by about 45 per cent over the past two years as production ran ahead of flagging demand, the nickel market had become the undisputed Cinderella of the London Metal Exchange. But a timely injection of confidence by Inco, the biggest producer, has ensured that it will present a less tattered appearance than might have been expected during LME Week, the exchange's annual shindig, which begins on Monday.

Thursday night's announcement by the Canadian company of a plan to cut production next year by 16 per cent, or about 5 per cent of western world output, confirmed rumours that had already helped to lift the market by 10 per cent from the 6-year lows reached a week ago.

Yesterday, with most of the bullish speculators resisting the temptation to cash in their chips, the three months delivery price put on another \$75 to close at \$4,562.50 a tonne, up \$450 on the week.

"The producers had to do something," said Nick Moore, analyst at Ord Minnett, as there was no chance that next year's expected increase in nickel demand would amount to the 22 per cent needed bring the market back into balance.

"This is a good start," he said yesterday, referring to the Inco move, "but other companies will have to follow". It would not have been reasonable, he suggested, to have expected a much bigger cut from Inco because "if they had put too big an umbrella over

when the nickel price averaged \$2.93 a lb - 86 cents higher than it is now, even after this week's rally.

Nickel's strength this week helped sentiment in the tin market, recently nickel's partner at the tail end of the LME batting order. With the rise being aided by short-covering purchases and a strike at Brazil's biggest producer the three-month price ended the week \$285 higher at \$4,723.50 a tonne.

The zinc market flirted early in the week with the \$920-a-tonne mark for three-months.

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metal. But that speculative surge soon ran out of steam and the price ended at \$904.50 a tonne, up \$9 on the week.

In contrast, lead prices bounced from fresh 20-year lows as signs of consumer interest emerged. The rise, which was also fuelled by options activity, took the three-month price to \$384.50 at yesterday's close, up \$9 on the week.

At the London bullion market gold and platinum were outdone by silver, which ended 26 cents up on the week at \$432.50 a troy ounce for immediate delivery. Dealers attributed the rise to speculative buying encouraged by the present supply deficit, despite

the large US stockpile over-hanging the market. Among the soft commodities, it was cocoa's turn for a "correction" following a rise to long time highs. On Monday the December futures contract reached 1993 a tonne, the highest level seen since May 1990. But the bulls' appeared to quail at the sight of the \$1,000 barrier and after another abortive attempt on Tuesday to break upside resistance the rot set in.

In what analyst Lawrence Eagles of GNI, the London trade house, described as "blood-bath" the December price flourished to \$911 before steadying yesterday to \$913 a tonne, down \$56 on the week.

Mr Eagles suggested that the final push to \$983 had been fuelled by "the last of the bulls", and when there was no follow through the selling began in earnest.

Most traders still regard the cocoa market's long term prospects as bullish. But many believe the current retracement could take the price as low as \$850 a tonne, and some \$830, if March position support at \$892 a tonne gives way.

The coffee market, which had already had its correction, following a sustained run-up, put in a steeper performance. The January futures price ended yesterday at \$1,179 a tonne, up \$7 on the week.

Traders told the Reuters news agency that the coffee market was still in the process of deciding which way to move next.

Richard Mooney

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES						AVERAGE GROSS REDEMPTION YIELDS		Fr Oct 8	Thu Oct 7	Year ago (approx.)	1993				
											High	Low			
						British Government	5 years	8.21	8.25	7.91	7.22	29/4	8.21	8 1/10	
1						2	10 years	8.00	7.84	8.37	8.37	12/1	6.96	8 1/10	
						3	(8% - 7 1/2%)	20 years	7.11	7.15	8.00	8.64	28/1	7.16	13/9
						4	Medium	5 years	6.45	6.50	8.48	7.58	11/1	6.43	8 1/10
						5	Corporate	15 years	7.12	7.17	8.62	8.82	18/1	7.11	13/9
						6	(8% - 10 1/4%)	20 years	7.18	7.23	9.36	9.05	28/1	7.18	8 1/10
2						5 years	6.05	6.09	8.77	7.78	11/1	6.83	8 1/10		
						Corporate	15 years	7.34	7.40	8.53	9.11	28/1	7.34	13/9	
3						(11% - 1%)	20 years	7.30	7.41	9.57	9.20	20/1	7.36	13/9	
						10 years (excl. Fiat Yield)		7.27	7.28	8.41	9.05	28/1	7.25	13/9	
Index-Linked															
15						11	inflation rate 5%	Up to 5 yrs.	2.92	2.98	3.57	3.03	26/5	1.82	12/2
						12	inflation rate 5%	Over 5 yrs.	3.14	3.14	4.11	3.89	14/1	3.14	8 1/10
						13	inflation rate 10%	Up to 5 yrs.	1.74	1.73	2.72	2.31	17/6	0.92	12/2
						14	inflation rate 10%	Over 5 yrs.	2.57	2.57	3.91	3.72	14/1	2.87	8 1/10
6						15	Duke & Lenoir	5 years	7.20	7.80	9.91	8.97	4 1/1	8.81	18/3
						16	Loans	15 years	8.05	8.09	10.38	9.94	19/1	9.14	18/3
						17		25 years	8.13	8.22	10.67	10.10	19/1	9.38	18/3

INTERNATIONAL COMPANIES AND FINANCE

BNP expects to attract 1.3m private shareholders

By Alice Rawsthorn in Paris

BANQUE Nationale de Paris, the first candidate in the French government's privatisation programme, yesterday estimated that it would attract between 1.3m and 1.4m private shareholders.

Mr Pélissier, the chairman, earlier yesterday said that the final number of private investors should be "considerably" higher than the 1m goal by the time the public part of the BNP share sale closes next Tuesday.

The economy ministry this week announced that it was closing the institutional part of the issue because it was already more than 12 times

subscribed after only two days. The BNP offer price at FF240 (\$42m) was lower than analysts had expected, thereby triggering a flood of applications.

However, the government is also anxious to encourage the French public to invest in BNP. This is partly because it hopes the BNP issue will set a successful precedent for future sales and partly because the Balladur administration hopes to use the privatisations to boost individual share ownership in France, where the public has traditionally been ambivalent about equity investment.

Under the original offer terms the public will be enti-

pled to 37.5m shares in BNP, or 52 per cent of the 72m shares on sale, with 12.5m shares reserved for French institutions and 25m for foreign institutions. The government also has an option to clawback 9.5m extra shares for the public from the institutional tranche.

The government initially intended to allocate 40 shares to each individual investor, with an additional 40 for people converting their Balladur bonds into shares. However, Mr Pélissier said the public response had been so strong that, even with the clawback, the number of shares given to individuals might have to be reduced.

Shares in Dutch financial group soar

By Ronald van de Krol in Amsterdam

SHARES in ING, the Dutch financial services group, rose to a record level yesterday on news that the government had sold its stake of nearly 7 per cent in the company to a large pension fund.

PGGM, the healthcare workers' pension fund, purchased the shares, worth £1.27bn (\$890m), as a long-term investment designed to realise its goal of bolstering its holdings in Dutch shares.

The transaction makes PGGM the largest single investor in ING, just ahead of insurance companies Aegon and Amey.

TCI adds twist to Paramount battle

By Martin Dickson in New York

THE COMPLEX takeover battle for Paramount Communications, the film and entertainment company, grew even more convoluted yesterday when Tele-Communications Inc., the largest cable service company in the US, announced plans to renege with Liberty Media, a company it spun off two years ago.

Liberty, which provides programming for the cable industry, is a large shareholder in QVC Network, the television home shopping company which is making a hostile \$5.5bn bid for Paramount.

TCI spun off Liberty in 1991

Liberty is making a new \$500m investment in QVC to help it fund the Paramount bid, which is competing against an agreed offer from Viacom, a cable service and programming company, worth around \$7.5bn.

Reacquiring Liberty would bring TCI much more closely into the battle for Paramount. This could reassure Wall Street that QVC, a much smaller company than Paramount, has the financial strength to wage what promises to be a long and costly battle, with both sides trying to attract support from other large communications companies.

to comply with federal regulations limiting concentration in the cable television and programming industries, but the rules have turned out to be less stringent than the sector expected.

Links between the two companies have remained strong. TCI holds a 5 per cent stake in Liberty and TCI's chief executive, Mr John Malone, is chief executive of Liberty and its controlling shareholder.

The two groups said yesterday their boards had approved a combination in principle because it was difficult to monitor regulatory compliance as separate operations.

Viacom said this would have no effect on its plans to take over Paramount but added that the Liberty deal underscored the concerns it raised in a lawsuit against TCI, accusing Mr Malone of trying to monopolise the cable industry.

TCI said the proposed deal with Liberty would be structured as a tax-free exchange of Class A and B shares of both companies for like shares in a holding company yet to be formed. Its shareholders would receive one share of the new company for each of their shares, while Liberty holders would receive 0.975 of a new share for each of their shares.

Daimler chief sees DM1.5bn nine-month loss at parent

By Christopher Parkes in Frankfurt

DAIMLER-BENZ'S Stuttgart-based parent company made a loss of DM1.5bn (\$924m) in the first nine months of this year, according to Mr Edzard Reuter, group chairman.

The company, which recently announced a first-half deficit of DM990m, would offer no further details on Mr Reuter's forecast, made in a television interview on Thursday.

However, officials confirmed that a DM1.5bn charge to cover the cost of job losses would all be taken in the third quarter instead of being spread over the second half as originally planned.

"If we record an operating loss for the third quarter then in any case the January to September loss will be more than DM1.5bn," a spokesman said. It was not clear if the turnaround point had been reached.

IRI sells SME division to FSVI for L307bn

By Robert Graham in Rome

IRI, the Italian state holding, has completed the second stage in the privatisation of SME, its agro-industrial group, by selling its canned foods, milk and edible oils division, Ciro-Bertolli De Rica (Cbd), for L307bn (\$192m).

The 62 per cent stake held by IRI has been bought by FSVI, an agro-industrial holding company with extensive interests in southern Italy where SME has been strongly rooted.

FSVI is 80 per cent owned by co-operatives in the Basilicata region, a further 20 per cent by regional financial institutions led by the state-owned Banco di Napoli and the remainder split between private shareholders.

IRI had hoped to sell this division in July in tandem with the disposal of Finitelgel,

the frozen foods side of SME. However, the IRI board judged the offers insufficient. Since then there have been delicate negotiations brokered by US merchant bankers Wasserstein Perella. The Cbd sale brings earnings from disposal of the two SME divisions to L475bn.

The FSVI bid values Cbd shares at L1.02 each against a stock market quotation of L1.146 and an initial estimate of L1.370. In adjudicating the division to FSVI, IRI had to balance the strong pressure in the Naples area and southern Italy for Cbd to be in local hands against the claims of larger Italian and multinational groups.

Canned fruit, milk and tomatoes produced on co-operatives in Basilicata, Calabria, Campania and Puglia are important to the regional economies in terms of jobs and income.

Nippon Oil lifts interim target

By Emiko Terazono in Tokyo

NIPPON OIL, Japan's largest distributor of petroleum products, has revised upwards its pre-tax profit forecast for the 10 trading days up to October 5. The shares made further gains in the days leading up to the announcement.

The shares closed yesterday at ¥177.90, up ¥1.08 as traders welcomed the sale of shares that had been overhanging the market.

The state's stake of just under 7 per cent is a legacy of its holding in the Postbank which, through a series of mergers, is now part of ING.

such as petroleum related companies and power utilities.

The company expects non-consolidated interim pre-tax profits to total ¥180m (\$18m), 40bn higher than its original forecast.

The figure, however, remains lower than the previous year's ¥200bn due to a decline in financial gains.

For the whole year, pre-tax profits are expected to remain unchanged from the previous forecast of ¥40bn, as the company revised down annual sales estimates to ¥1,900bn

from ¥2,000bn. Sales are expected to decline due to the continuing slump in the economy and declines in wholesale prices.

Osaka Gas, the country's second largest city gas supplier, meanwhile raised its pre-tax profit projection for the first six months to September by ¥2.5bn to ¥10.5bn, 46 per cent higher than the same period last year.

The company benefited from a cool summer, a higher yen and lower crude oil prices.

Moody's may downgrade Turkish debt

By Sara Webb

THE Republic of Turkey may have its credit rating lowered from investment to sub-investment grade to reflect its deteriorating public finances.

Moody's, the international credit rating agency, announced yesterday that it had placed Turkey's long-term credit rating under review for possible downgrading. The decision has come at an awkward time for Turkey as it was hoping to launch a Eurosterling bond issue next week.

Turkey currently has a Baa3 credit rating, the lowest investment grade rating available from Moody's, which covers about \$6.2bn of long-term debt.

Moody's cited "the steady deterioration of Turkey's public finances" as the reason for putting the rating under review, adding that the consolidated budget deficit in 1993 could exceed the 13.5 per cent of GDP reached in 1992, while inflation may be rising again.

John Fairfax settles with Packer

By Nikid Tait in Sydney

JOHN FAIRFAX, the Australian publishing group, has settled outstanding obligations to Mr Kerry Packer's Consolidated Press (ConsPress) by effectively allowing the Australian businessman to increase his interest in Fairfax.

The cash obligations arose from a two-year-old deal, under which Mr Packer agreed to withdraw from the Touring consortium which successfully acquired Fairfax for A\$1.4bn in late 1991. Mr Packer's withdrawal came after the Australian Broadcasting Tribunal

Valenciana sale sparks 42.5% increase at Aker

By Christopher Brown-Humes in Stockholm

AKER, the Norwegian cement and offshore technology group, announced a 42.5 per cent jump in profits after financial items to Nkr526m (\$74m) for the first eight months, against Nkr369m in the same period last year.

This term's figure was flattened by a Nkr702m exceptional gain stemming mainly from the sale of the group's stake in Valenciana, the Spanish cement producer.

The group said results for the full year would be "considerably better" than the

Nkr369m profit of last year. Operating revenues in the first eight months were Nkr11.49bn, compared with Nkr11.49bn. The group swung to an operating profit of Nkr518m from a Nkr34m loss and it cut its financial expenses by Nkr159m to Nkr89m.

Cement and building materials saw sales slip to Nkr3.92bn from Nkr3.96bn, but the division made a profit after financial items of Nkr191m, after a Nkr153m loss.

Oil and gas technology was also back in profit, with a Nkr343m surplus compared with a Nkr193m loss.

Metra finishes notes placement

METRA, the Finnish industrial conglomerate, has completed a private placement of preferred capital notes worth \$100m to help pay off debt in what the group said was the first bond issue of its kind by a Finnish company outside the banking sector, writes Hugh Carnegie in Stockholm.

The notes, with a renewable maturity of 50 years, are subordinate to senior debt and carry no voting rights or equity options. But the interest paid has precedence over dividend payments.

The issue was lead managed by Nomura International, the Japanese investment bank.

HK property developer rises 43%

By Simon Davies in Hong Kong

SUN HUNG KAI Properties, Hong Kong's largest property development company, yesterday announced a 43 per cent rise in net profit to HK\$58.99m (\$US\$966m) for the year to June 1993, up from HK\$41.68bn in 1992.

Profits were slightly above analysts' expectations, and were posted on turnover of HK\$13.5bn, up from HK\$10.7bn in 1992. Second-half earnings were boosted by the sale of the Kodak House building.

The outlook for earnings remains positive, despite recent moves by a number of banks to curb property speculation through restrictive lending practices. The majority of developments scheduled for completion in 1994 have already been pre-sold and during the year the group acquired 18 more sites, with a gross floor area of 6.3m sq ft.

Chicago

SOYBEANS 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Nov	620.9	619.4	613.0 627.4
Dec	615.2	617.2	611.8 618.4
Jan	621.4	622.4	620.0 623.0
Mar	625.2	626.0	623.0 628.0
May	629.2	630.0	627.0 632.0
Jul	633.2	634.0	631.0 636.0
Sep	637.2	638.0	635.0 640.0
Nov	641.2	642.0	639.0 644.0

WHEAT 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	22.4	22.6	22.2 22.8
Jan	22.8	23.0	22.6 23.2
Mar	23.2	23.4	23.0 23.6
May	23.6	23.8	23.4 24.0
Jul	24.0	24.2	23.8 24.4
Sep	24.4	24.6	24.2 24.8
Nov	24.8	25.0	24.6 25.2

CORN 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	180.1	180.3	179.4 180.8
Jan	180.7	180.9	179.8 181.4
Mar	181.3	181.5	180.4 182.0
May	181.9	182.1	181.0 182.6
Jul	182.5	182.7	181.6 183.2
Sep	183.1	183.3	182.2 183.8
Nov	183.7	183.9	182.8 184.4

MAIZE 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	24.1	24.3	24.0 24.4
Jan	24.5	24.7	24.2 25.0
Mar	24.9	25.1	24.6 25.4
May	25.3	25.5	25.0 25.8
Jul	25.7	25.9	25.4 26.2
Sep	26.1	26.3	25.8 26.6
Nov	26.5	26.7	26.2 27.0

LIVE CATTLE 40,000 lb, cents/lb

	Close	Previous	High/Low
Dec	72.0	72.2	71.8 72.4
Jan	72.4	72.6	72.0 72.8
Mar	72.8	73.0	72.4 73.2
May	73.2	73.4	72.8 73.6
Jul	73.6	73.8	73.2 74.0
Sep	74.0	74.2	73.6 74.4
Nov	74.4	74.6	74.0 74.8

LIVE HOGS 40,000 lb, cents/lb

	Close	Previous	High/Low
Dec	48.0	48.2	47.8 48.4
Jan	48.4	48.6	48.0 48.8
Mar	48.8	49.0	48.4 49.2
May	49.2	49.4	48.8 49.6
Jul	49.6	49.8	49.2 50.0
Sep	50.0	50.2	49.6 50.4
Nov	50.4	50.6	50.0 50.8

ORANGE JUICE 15,000 lb, cents/lb

	Close	Previous	High/Low
Nov	128.0	128.2	127.2 128.8
Dec	128.4	128.6	127.6 129.2
Jan	128.8	129.0	128.0 129.6
Mar	129.2	129.4	128.4 130.0
May	129.6	129.8	128.8 130.4
Jul	130.0	130.2	129.2 130.8
Sep	130.4	130.6	129.6 131.2
Nov	130.8	131.0	130.0 131.6

COTTON 50,000 lb, cents/bushel

	Close	Previous	High/Low
Dec	58.0	58.2	57.2 58.8
Jan	58.4	58.6	57.6 59.2
Mar	58.8	59.0	58.0 59.6
May	59.2	59.4	58.4 60.0
Jul	59.6	59.8	58.8 60.4
Sep	60.0	60.2	59.2 60.8
Nov	60.4	60.6	59.6 61.2

FRUIT

	Close	Previous	High/Low
Nov	128.0	128.2	127.2 128.8
Dec	128.4	128.6	127.6 129.2
Jan	128.8	129.0	128.0 129.6
Mar	129.2	129.4	128.4 130.0
May	129.6	129.8	128.8 130.4
Jul	130.0	130.2	129.2 130.8
Sep	130.4	130.6	129.6 131.2
Nov	130.8	131.0	130.0 131.6

WHEAT 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	22.4	22.6	22.2 22.8
Jan	22.8	23.0	22.6 23.2
Mar	23.2	23.4	23.0 23.6
May	23.6	23.8	23.4 24.0
Jul	24.0	24.2	23.8 24.4
Sep	24.4	24.6	24.2 24.8
Nov	24.8	25.0	24.6 25.2

CORN 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	180.1	180.3	179.4 180.8
Jan	180.7	180.9	179.8 181.4
Mar	181.3	181.5	180.4 182.0
May	181.9	182.1	181.0 182.6
Jul	182.5	182.7	181.6 183.2
Sep	183.1	183.3	182.2 183.8
Nov	183.7	183.9	182.8 184.4

MAIZE 5,000 bu m/c, cents/bushel

	Close	Previous	High/Low
Dec	24.1	24.3	24.0 24.4
Jan	24.5	24.7	24.2 25.0
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May	25.3	25.5	25.0 25.8
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LIVE CATTLE 40,000 lb, cents/lb

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Jan	72.4	72.6	72.0 72.8
Mar	72.8	73.0	72.4 73.2
May	73.2	73.4	72.8 73.6
Jul	73.6	73.8	73.2 74.0
Sep	74.0	74.2	73.6 74.4
Nov	74.4	74.6	74.0 74.8

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	Close	Previous	High/Low
Dec	48.0	48.2	47.8 48.4
Jan	48.4	48.6	48.0 48.8
Mar	48.8	49.0	48.4 49.2
May	49.2	49.4	48.8 49.6
Jul	49.6	49.8	49.2 50.0
Sep	50.0	50.2	49.6 50.4
Nov	50.4	50.6	50.0 50.8

ORANGE JUICE 15,000 lb, cents/lb

	Close	Previous	High/Low
Nov	128.0	128.2	127.2 128.8
Dec	128.4	128.6	127.6 129.2
Jan	128.8	129.0	128.0 129.6
Mar	129.2	129.4	128.4 130.0
May	129.6	129.8	128.8 130.4
Jul	130.0	130.2	129.2 130.8
Sep	130.4	130.6	129.6 131.2
Nov	130.8	131.0	130.0 131.6

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Sep	183.1	183.3	182.2 183.8
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Mar	24.9	25.1	24.6 25.4
May	25.3	25.5	25.0 25.8
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Sep	26.1	26.3	25.8 26.6
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Jul	73.6	73.8	73.2 74.0
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	Close	Previous	High/Low
Dec	48.0	48.2	47.8 48.4

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Dollar plunges on jobs data

DISAPPOINTING US employment figures quashed hopes that the US economy might be back on track yesterday and sent the dollar down sharply against a wide range of currencies writes Peter John.

Initially, the rise in the non-farm payroll data was as expected. A poll of 30 economists pointed to a rise of 155,000 in September employment compared with an August contraction of 39,000 jobs. The final figure came in at 156,000 and the August figure was revised down by only 2,000 to a fall of 41,000.

However, when the figures were released at 13:00pm European time, the dollar sank more than 20 pence against the D-Mark and lost around a cent against the Japanese yen and sterling.

Economists said a breakdown of the data showed that more than half of September's rise represented teachers returning to work after the

school break. Also, there had been widespread hope that the August figure might have been revised upwards as it clashed with household employment data showing a rise of 409,000.

Mr George Magnus, chief economist with S.G. Warburg said: "It is a very sluggish employment picture which means weak income growth and weak consumer sales."

The figures benefited the Treasury market, which quakes at prospects of increasing inflation, but failed to help the dollar, which S.G. Warburg sees falling below DM1.600.

The US currency was further hit by some heavy expiry of D-Mark/dollar options. The expiry was estimated at more than \$1bn and prompted dealers to sell dollars to hedge their positions. The dollar plunged to a low of DM0.601.

By the end of official dealing in London it had recovered some lost territory to close at DM1.6040, down from

DM1.6230. It fell below Y105 against the Yen at one stage but closed at Y105.50, up from Y105.10 previously and sterling was stronger at \$1.5860, up from \$1.5235.

The D-Mark was generally strong, particularly against the French franc whose weakness reflected the rate cut dilemma of the Bank of France. The central bank desperately needs to ease monetary policy to invigorate the economy but has been thwarted by pressure on the currency. Yesterday, the D-Mark rose to FF3.5070 from FF3.5010 previously.

The Italian Lira also suffered, slipping to L895 against the German currency before a tighter repo helped stabilise it for a close at L890, down from L897.4.

Sterling straddled the Dollar/D-Mark divide, falling half a penny against the D-Mark to DM2.4650 but gaining nearly one and a half cents against the dollar.

2 IN NEW YORK

Oct 8	Oct 9	Oct 10
1.5850-1.5900	1.5850-1.5900	1.5850-1.5900
0.98-0.99	0.98-0.99	0.98-0.99
0.98-0.99	0.98-0.99	0.98-0.99
0.98-0.99	0.98-0.99	0.98-0.99

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Oct 8	Oct 9	Oct 10
83.00	83.00	83.00
83.00	83.00	83.00
83.00	83.00	83.00
83.00	83.00	83.00

CURRENCY RATES

Oct 8	Oct 9	Oct 10
0.7200	0.7200	0.7200
0.7200	0.7200	0.7200
0.7200	0.7200	0.7200
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CURRENCY MOVEMENTS

Oct 8	Oct 9	Oct 10
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OTHER CURRENCIES

Oct 8	Oct 9	Oct 10
0.7200	0.7200	0.7200
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FORWARD RATES AGAINST STERLING

Oct 8	Oct 9	Oct 10
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MONEY MARKETS

MONETARY conditions in the UK continued in relaxed style at the end of the first week of the new quarter with short-term money rates staying low and the day's liquidity shortage easily dealt with, writes Peter John.

Meanwhile, short sterling futures remained in the wings with volumes low and the range staying tight.

UK clearing bank base lending rate 6 per cent from January 26, 1993.

At the start of trading yesterday, the Bank of England forecast a cash shortage for the clearing banks of around £1.1bn. The figure was below the high levels seen earlier in the week but still higher than the norm.

Most of the shortage was dealt with immediately as the central bank bought £950m of treasury bills for repurchase by the market on November 1 at 5 1/2 per cent interest. Shortly afterwards, the Bank bought £61m of Bonds One and Two bills at 5 1/2 per cent.

In the afternoon, the shortage was revised upwards to £1.15bn and the Bank provided a further £164m, taking total help for the day to £1.075bn.

The comfortable monetary conditions saw overnight rates falling as low as 3 1/4 per cent at

POUND SPOT - FORWARD AGAINST THE POUND

Oct 8	Oct 9	Oct 10
0.7200	0.7200	0.7200
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DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

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EURO CURRENCY INTEREST RATES

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EXCHANGE CROSS RATES

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FT LONDON INTERBANK FIXING

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MONEY RATES

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LONDON MONEY RATES

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POUND - DOLLAR

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FINANCIAL FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

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LIFE INSURANCE FUTURES AND OPTIONS

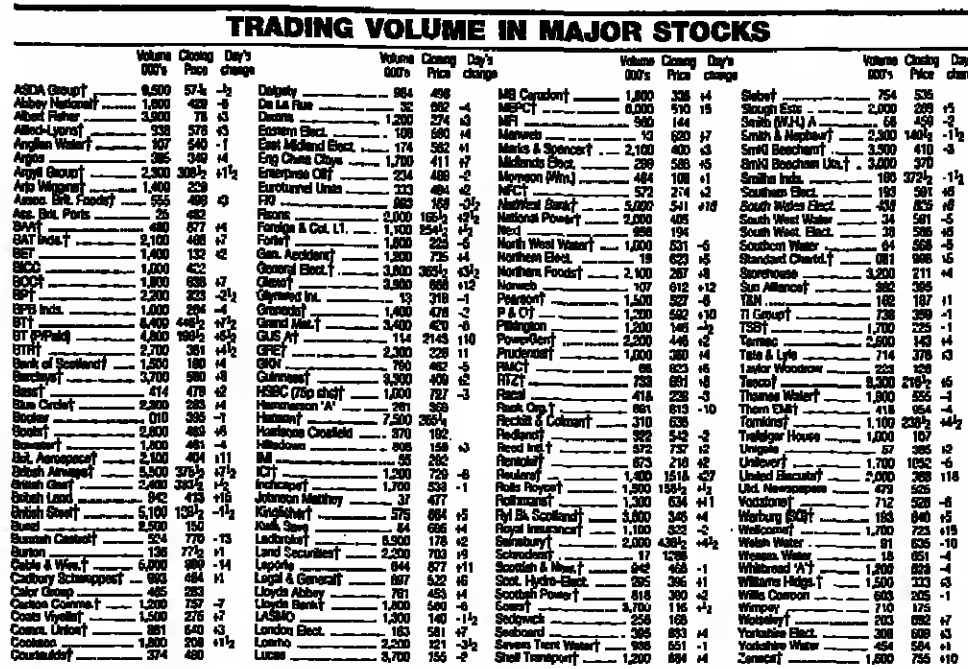
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LIFE INSURANCE FUTURES AND OPTIONS

PARIS			
7 to 16 YEAR 10% NOTIONAL, FRENCH B			
	Open	Sett price	Ch
December	123.96	124.02	
March	128.14	128.19	

TRADING VOLUME IN MAJOR STOCKS

has been identified as perhaps the chief beneficiary from base rate reductions, while the consumer sectors advanced

FT-A All-Share Index[illegible]

Ordinary shares		Ordinary shares									
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low	
2548.0	2351.0	2343.6	2346.1	2351.8	2351.7	2348.1	2354.3	2355.8	2359.2	2342.0	
Volume	8	6	7	7	7	8	5	5	4	Year ago	
SEMI Targets	29,311	30,211	32,015	31,207	31,429	29,226	29,026	20,860			
SEMI Target/Share	1314.1	1351.9	1333.7	1307.5	1307.5	1277.5	873.8				

Wireless bank, the shares losing 14 to 89pp. Vodafone was said to have weakened as BZW downgraded the stock, the shares falling 6 to 52pp.	Equity Analysts Glennda Randall (exit)	34.261 50.461	36.254 82.14	35.092 828.5	33.323 472.4	23.103 407.8
<p>↑ London info-market business and consumer turnover.</p> <p>London report and latest Share Index</p> <p>14, 0851 123001, Cals changed at 39p/minima cheap rise, 40p at all other times.</p>						
<p>FT-A INDICES LEADERS AND LAGGARDS</p> <p>Percentage changes since December 31 1992 based on Friday October 8 1993</p>						
Gold Mines Index	+ 218.78	Motors	+ 16.30			
Property	+ 87.69	Media	+ 16.07			
Merchant Banks	+ 54.60	Telecom Networks	+ 15.91			
Metals & Metal Forming	+ 51.21	Packaging, Paper & Printing	+ 14.91			
Engineering-Aerospace	+ 48.51	Textiles	+ 14.89			
Contracting, Construction	+ 42.34	Chemicals	+ 14.11			
Banks	+ 39.13	Water	+ 13.91			
Financial Group	+ 25.90	Commodities	+ 12.91			
Building Materials	+ 35.38	FT-A All-Share	+ 12.70			
Energy	+ 33.18	FT-A 350	+ 11.71			
FT-SE SmallCap	+ 30.69	Stores	+ 11.41			
FT-SE SmitCap ex Inv Trst	+ 30.15	Business Services	+ 10.21			

CHIEF PRICE CHANGES YESTERDAY

NEW HIGHS (174).
BANKS (19) **BANKS** (5) Bank of South
 East, Natl. Austral. NatWest, **BUSINESS** (1)
 Matthew Clark, **BDO MATTLE** (4) Heywood Wal-
 ker, MB-Candori, Do. PL, **WOLFEY**, **BUSI-**
NESS **SEBBS** (9) Courts Consulting, David, John-
 son Clements, Selous Appointments, **SER-**
VICES (1) Canisio, **CONGLOMERATES** (7)

MISC (7) Danks Bus. Syst., Hony, Korbak RL,
 Partnership Potts, Rickard, Spence, **TAN-**
MOTORS (3) ANI Lark, **WOMEN** **EPF**, **ONE**, &
ONE (7) Woodside, **OTHER FINCL** (4) EFT, **GE-**
WARD & Natl., **PERPETUAL**, St. James's Place,
OTHER INDELS (3) Chas. Whitehead, **PROF** (17)
 Allied Natl. Sales, Brl. Land, Do. PL, **CHES-**
FIELD, Dabeham Tewson, **DEPOCO**, **DEWANT** **VAL-**

■ Other statistics, Page 13.

FT-SE Mid 250 21.46
 FT-SE Mid 250 ex Inv Tst 21.27
 Engineering-General 21.16
 Oil & Gas 20.18
 Insurance (Composite) 19.17
 Transport 17.21

Industrial Group 7.23
 Insurance Brokers 4.7
 Food Manufacturing 0.9
 Consumer Goods 3.2
 Breweries & Distillers 11.8
 Health & Household 14.8
 Food Retailing 16.3

EQUITY FUTURES AND OPTIONS TRADING

TRADING IN THE FT-SE future contract dipped to its lowest short positions on Monday.

BENCHMARK GOVERNMENT BONDS

	Compon	Exct Date	Price	Change	Yield	Week ap	Mon ap
AUSTRALIA	9.500	03/03	119.8950	+0.25	6.71	5.69	6.81
BELGIUM	9.500	03/03	111.1100	+0.05	7.74	7.63	7.81
CANADA	7.500	02/15	102.3600	+0.10	8.76	8.64	8.81
FRANCE	8.000	03/03	110.0550	+0.20	6.58	6.87	6.91
GERMANY	5.750	11/30	100.6701	+0.74	5.60	5.58	5.65
ITALY	5.500	10/03	105.5800	+0.30	5.98	6.03	6.11
NETHERLANDS	6.500	07/03	103.8350	+0.30	5.97	6.05	6.11

THE UK SERIES

[illegible]

RISES AND FALLS YESTERDAY

		On Friday		On the week		NRB 15/	
Rises	Falls	Same	Rises	Falls	Same	Rises	Falls
63	5	12	78	68			
Interest	5	10	19	8			
Industrial	274	185	960	1,672	1,038	4,384	2,678
Property	207	6	983	1,213	8	47	
	10	15	64	80	231		
	0	0	0	0	0		
	44	18	79	106	127	360	
	18	23	83	131	282		
<p>LCU (French Govt) 8,000 0.040 109,300.00 -0.100 0.65 0.70 8.48</p> <p>Sou. Colonization, "Gordon New York morning press" 100.00 0.000 100.000 0.000 0.000 0.000 0.000</p> <p>US Series are based on the 1920-21 winning lot of 12.5 per cent payable (not by non-residents).</p>							

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
ALMA	9.500	08/03	119.8900	+0.296	6.71	6.69	6.67
JUMIA	9.000	03/03	111.7000	+0.050	7.24	7.38	7.41
PAK	7.500	12/03	105.3500	+0.810	6.76	6.70	6.67
PAK	8.000	05/03	110.5500	+0.220	6.55	6.87	6.87
STAN	5.750	11/30	100.0201	-0.174	5.56	5.58	5.58
STAN	6.750	10/03	102.5800	+0.130	5.99	6.03	6.01
UNY	6.500	07/03	103.8350	+0.330	5.57	6.09	6.11
	10.000	06/03	107.0400	+0.065	9.10	9.32	9.37
No 119	4.800	06/99	107.7984	+0.089	3.20	3.23	3.25
No 157	4.800	06/99	107.7984	+0.089	3.20	3.23	3.25
RELANDS	7.000	02/03	107.0901	+0.059	5.81	5.95	6.07
	10.300	08/03	112.8300	+0.170	8.88	8.67	8.63
TS	7.250	03/98	109.29	+0.732	8.23	8.23	8.23
	8.000	06/08	106.49	+12.02	6.81	6.81	6.77
	9.000	10/00	117.02	+29.92	7.13	7.24	7.14
ESBURY	5.750	03/03	103.26	+18.02	5.52	5.35	5.29
	5.000	09/03	109.00	+0.32	6.01	6.01	6.01
Green Govt	8.000	04/03	103.3000	-0.110	6.67	6.70	6.69

closing, *denotes New York morning session ^{Yields} Local market standard
 annual yield (including withholding tax at 12.5 per cent payable by non-residents.)

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19

AMERICA

Mixed jobs data put Dow on downswing

Wall Street

AFTER posting early gains in the wake of a strong bond market rally, US share prices slipped into negative territory yesterday morning as investors reacted badly to some mixed employment figures, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was down 14.25 at 3,569.38. The more broadly based S&P 500 was down 1.35 at 457.53, while the Amex composite was down 0.68 at 453.37, and the Nasdaq composite up 2.76 at 759.73. Trading volume on the NYSE was 154m shares by 1 pm.

The markets opened firmer, buoyed by surging bond prices. The Treasury market rally was sparked by the morning release of the September employment report. Although the report showed a 158,000 increase in non-farm payrolls last month, a figure in line with expectations, bond market investors focused on the underlying weakness in manufacturing jobs that was revealed by the data. Judging

that the overall picture of the labour market remained weak, investors bought bonds in heavy numbers, pushing the benchmark 30-year issue up 14 points, and lowering the yield to 5.917 per cent.

Although the sharp drop in bond yields initially supported

BRAZILIAN equities built on Thursday's 5.5 per cent gain in the Bovespa index with a rise of more than 3 per cent at mid-session. The Bovespa index had advanced 545 to 17,242 by 1 pm. Some commentators said that the rally had been triggered ahead of constitutional reform talks scheduled to begin next week.

stocks, especially interest rate-sensitive sectors like banks, the equity market gradually turned flat and by late morning prices were firmly rooted in negative territory in the wake of several computerised sell programs.

At one stage the Dow was down by as much as 25 points, although it recovered some of the lost ground later in early afternoon trading. Like the wider market, bank

stocks failed to sustain their early advances, and by noon were in full retreat. Citicorp was down 5/8 at 43.93, Chemical at 4/8 at 45.51, and Nations-Bank down 5/8 at 45.51.

Brokerage stocks, which would normally benefit from falling interest rates, were also in trouble, unsettled by comments from analysts that the sector may have peaked after a long bull phase. Merrill Lynch fell 3/4 to 95.54, Salomon eased 5/8 to 94.75, Morgan Stanley gave up 5/8 at 94.44 and Bear Stearns dropped 5/8 to 92.44.

Sears, Roebuck was a notable loser, falling 1 1/2 to 56.68 as concerns about the economy and consumer spending hurt retailing stocks.

On the American Stock Exchange, Amstar fell 3/4 to 45 after the company warned it would report a third-quarter loss.

Canada

TORONTO remained marginally higher at midday, in spite of some late morning selling. The TSE-300 composite index was 2.89 ahead at 4,063.68 after an early high of 4,074.01.

WORLD STOCK MARKETS

Australia powers through 2,000 level

The equity rally has not been dampened so far by the political crisis, writes Nikki Tait

A stalled government budget, the prospect that parliament could be dissolved, an unemployment rate close to 11 per cent, and weak commodity prices do not seem the most promising ingredients for an Australian stock market surge.

Yet, in spite of these negative factors, the All Ordinaries index powered through the 2,000 mark this week, reaching new post-1987 crash highs. It closed yesterday at 2,026, for a week's rise of 2.7 per cent.

On an annual basis, the advance is even more remarkable: last November, the All Ordinaries dipped to a low of 1,355. Since then, it has risen by over 50 per cent, adding more than A\$80bn (\$52bn) to the value of Australian shares. Analysts have few doubts about the forces that are driving the advance.

The first is corporate profitability. The recent reporting season - most companies have June year-ends - showed widespread improvement in earnings. According to one tally of 500 listed companies, total after-tax profits increased by 98 per cent. This was partly due

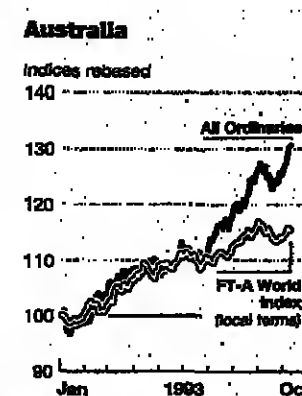
to a much lower level of "one-off" charges, suggesting that recession-induced write-offs are coming to an end. But profits before tax and "abnormals" were also up by about 49 per cent.

As analysts at Macquarie Bank point out, much of this advance stemmed from cost savings and production efficiencies which led to higher margins, rather than increases in demand.

Those same 500 companies saw sales rise by a mere 4.5 per cent.

Assuming that there are more productivity benefits to be garnered, this should mean that earnings advances can be sustained even if world economic conditions remain lacklustre. "There's not much downside risk in the current year," suggest Macquarie analysts. "Future earnings advances are not heavily contingent on sales."

In this respect, then, the country's high unemployment rate, which stood at a seasonally adjusted 10.9 per cent in September, is not entirely unwelcome. Most economists believe that



Source: FT Graphix

the figure reflects the structural changes which are taking place in the corporate sector, as a nation adjusts to lower import tariff barriers and companies fight to become competitive. Employees may lose in this situation, but investors gain.

The second motor behind the market's advance is the relatively low interest rate environment, and the fact that returns on competing fixed interest investments and money funds look unappealing at present.

Finally, seasonal factors may be weighing in. The stock market tends to pick up in the nation's summer months, and reinvestment of dividend payouts after the June year-end helps share prices higher.

Nevertheless, there are some potential worries on the horizon. One is the amount of corporate fund-raising that is under way. The A\$2.4bn Woolworths flotation and current A\$1.6bn Commonwealth Bank share sale may have grabbed the headlines, but they have been accompanied by a raft of smaller issues.

However, opinions differ about the impact that this supply of new paper will have on share prices generally. Mr Peter Mast, senior dealer at BZW in Sydney, suggests that many investors have been making money on recent issues, and some of these gains are being reinvested in other stocks. Nevertheless, he warns that the weight of new issues could cause some liquidity problems in the coming months, putting a temporary damper on the market's progress. Taking a slightly longer

view, analysts at Macquarie Bank predict that about A\$12.5bn could be raised through equity issues over the 12 months to end-June 1994. But this, they point out, would only represent a 5 to 6 per cent increase in terms of total market capitalisation.

The major question is why the political situation is having so little impact.

Part of the answer may lie in the fact that corporate improvements, and the eventual recovery of world demand, are independent of the Canberra hot-house. It is also unclear where the budget impasse will eventually lead, and the senate is coming up for a two-week recess.

Nevertheless, the uncertainty has already told on the Australian dollar, and Mr Bernie Fraser, the Reserve Bank governor, did acknowledge recently that there might come a time when interest rates would need to rise to help support the currency. In that case, warns one analyst, share prices might not look quite so appealing.

EUROPE

Dax breaks 2,000 level in afternoon enthusiasm

AFTERNOON enthusiasm left shares back on the upgrade, writes Our Markets Staff.

FRANKFURT finally broke through 2,000 and stayed there, the DAX index closing up 1.97 at a new all-time high of 2,005.10, up 4.9 per cent on the week, and moving on to 2,015.13 at the end of the post-bourse.

Mr Harry Jaarsma, at Dresner Bank, said that many traders went short at the approach of the 2,000 level, and had to cover later. In a similar move, Schering, the pharmaceutical group, rose another DM36 to DM1.65 after clearing DM1,000 on Thursday.

Other big winners included Douglas, the specialist retailer incorporating Europe's largest perfume chain, up DM19.50 to DM74.4 after tips from Kleinwort Benson, and Dresner this week; and RWE, the utility group, interest rate sensitive, expected to declare a higher dividend next Wednesday, up DM11.10 on the session and another DM4.50 to DM47.50 by the London close.

Turnover eased from DM9.6bn to DM9.4bn. Car-makers were weak, Volkswagen falling DM5 to DM37.50, and Daimler another DM3.70 to DM74.4 after it said that it would take a DM1.5bn charge from its ongoing job cuts programme against its third quarter earnings.

PARIS remained uncertain about the future direction of LVMH and the shares fell a further FF60 to FF3,640, bringing the losses since Tuesday, when market rumours surfaced and downgrades on the stock began to be released, to 6 per cent.

Some analysts believe that the drinks and luxury goods group might be about to announce a corporate restructuring, which could be connected to the cross-shareholding it has with Guinnesse. With the French group burdened by

FT-SE Actuaries Share Indices

October 8

Hourly changes

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INVESTMENT TRUSTS - Cont.

Notes	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	99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FINANCIAL TIMES

Weekend October 9/October 10 1993

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Uprising of Russian right took Yeltsin government by surprise

THE GOVERNMENT of President Boris Yeltsin was completely unprepared for the uprising that led to the storming of the Russian parliament and the subsequent gun battles in which nearly 200 people died.

It has also emerged since last weekend's uprising that the Russian army spent several hours last Sunday debating whether it should "become involved in politics" as armed supporters of the Russian parliament roamed the streets of Moscow, captured the mayor's offices and attacked the television centre.

The army's long period of inaction in the crucial hours after the uprising is becoming a cause of bitter debate within the Russian government.

Radical ministers and officials, convinced that only the mobilisation of their supporters on the streets saved the day, are now calling for Mr Yeltsin to order a clean-out of the Defence, Interior and Security ministries.

A detailed account by eyewitnesses inside the Kremlin during the day when Moscow teetered on the brink of civil strife paints a picture of a government caught completely by surprise. They say that:

● The Kremlin authorities did not expect an armed uprising.

● Senior members of the Defence Ministry sat into the night debating the issue, long after the defenders of the White House, the parliament building, had become attackers.

John Lloyd and Leyla Boulton on the day that took Kremlin to the brink

● Groups of democrat supporters were about to be armed in order to attempt to put down the parliamentary revolt.

● The Russian central bank refused to advance credits on Sunday night to the government - which had asked for large emergency reserves of cash.

Confidential assessments of the situation by the security forces had put a very low probability of any armed attack by the parliament.

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 Membership up at reform club... Page 9

mentary forces, in spite of the known large quantity of arms in the White House parliament building and the presence of armed detachments of extremist forces.

Summoned by a phone call, Mr Sergei Filatov, the president's chief of staff, saw the demonstrators from the window of his car as he rushed back to the Kremlin at around 3.30 pm - to be followed shortly by Mr Yeltsin, hatched from his dacha at Arkhangelsk, outside Moscow, shortly afterwards.

The atmosphere, according to those present, in the presidential offices was panicky.

The panic was largely because Mr Yeltsin and his staff could not

get through to General Pavel Grachev, the defence minister. Much time - according to Mr Sergei Yuzhenkov, deputy head of the Federal Information Service, who was closely involved in the day's events - was spent in discussing which of the military men close to the president should go to Gen Grachev to ask him to bring in the army. "The trouble was," Mr Yuzhenkov said yesterday, "no one had good relations

with him."

Within the Council of Ministers building in Old Square, next to the Kremlin, Mr Yegor Gaidar, the first deputy prime minister, grew increasingly concerned as he saw the Interior Ministry forces protecting the White House melt away. Mr Yuzhenkov phoned to ask if he could say the army was on its way to deal with the uprising. No, said Mr Gaidar, he could not.

The two men then decided they had to act. Mr Gaidar made an appeal on TV for detachments of volunteers to form outside the Moscow City Council building opposite the Kremlin. The detachments were to have been armed on the orders of Mr Yuri

Luzhkov, the Moscow city mayor. Several thousand volunteers responded, although arms were not handed out.

Meanwhile, the top army generals at the Defence Ministry convened under Gen Grachev. Faced with many of his colleagues who insisted on the army's non-involvement, he went round the table, demanding that each give his own position. Mr Yuzhenkov says: "The army was a hostage to its own slogan - that it should not be involved in politics. But the decision was not to get involved in politics; it was to stop an attack on the state."

The government decided early in the evening to create a large fund of cash with which it could pay and feed troops. Mr Boris Fyodorov, the deputy premier for finance who was in the Council of Ministers' building on Sunday night, said: "There was a decision to create some cash reserves in the government if things got worse - we could at least give it to the troops to buy food from shops. The Bank didn't refuse - Mr [Viktor] Geraschenko [the chairman] is too clever for that - they just delayed."

The army's appearance in Moscow and its deployment against the White House have since received official eulogies. But Mr Gaidar and Mr Yuzhenkov have criticised the security forces. "We need a real clean-out of these ministries now," said Mr Yuzhenkov.

Lucas wants Rover chairman as its new chief executive

By Kevin Done, Bernard Gray and Andrew Bolger

LUCAS Industries, the troubled UK automotive and aerospace components company, has offered the post of chief executive to Mr George Simpson, deputy chief executive of British Aerospace and chairman of Rover Group, its vehicles subsidiary.

Lucas had hoped to be able to announce his acceptance to coincide with the presentation of its annual results on Monday, but it is understood that Mr Simpson has still not decided to accept the job.

Lucas, which reported profits down from £83m to £22.5m last year, promised in March that it would appoint a new chief executive as soon as possible and hoped a new non-executive chair-

man would be nominated to take over from Sir Anthony Gill, the group's chairman and chief executive, by next month's annual general meeting.

The direction of Lucas's management has been in doubt for some time. Last year Mr Tony Edwards, head of the group's aerospace division, was made chief executive designate. Mr Edwards was later told that the board did not consider him suitable for the job however, and he moved to rival TI Group.

Lucas finance director, Mr David Hankinson, left earlier last year, when he lost out to Mr Edwards in the race to become chief executive.

Sir Anthony had been due to retire last year, but agreed to remain until the succession was sorted out.

Mr Simpson, who has spent most of the past 24 years with Rover (previously British Leyland and BLAC), has been instrumental in transforming the fortunes of the previously loss-making UK carmaker.

The dilemma he faces is whether to leave Rover at the point where the hard work of previous years appears set to yield significant profits, and the possibility has been created that it could again become an independent company, floated off by BAe. Mr Simpson would be the obvious candidate to lead the company.

At Lucas he would again face an uphill struggle to turn around a group fighting for a place in the increasingly competitive automotive and aerospace components market.

Rescue bid for Greycoat is rejected

Continued from Page 1

some of its bonds. But as the board retreated to lick its wounds, property market analysts said other bidders could come forward. The attraction for a bidder is a portfolio of properties considered among London's most attractive.

But like Rosebough and Stanhope, two other property companies that have recently failed, Greycoat fell foul of the longest recession in the property market for decades.

Greycoat had also arranged financing of exceptional complexity involving four classes of share and bondholders. As yesterday's votes showed, these holders often had competing interests.

Preference shareholders argued that Postel's complex four-part offer was placing them at a disadvantage to ordinary shareholders who accepted the deal and would normally expect to rank behind them in a restructuring.

Mr Geoffrey Wilson, Greycoat's chairman, had repeatedly warned the meetings that Postel's deal was "all-or-nothing" and that shareholders could not modify individual portions. "It is a rescue package to prevent the company from having to cease trading and all that entails," he said.

THE LEX COLUMN On top of the world

US investors certainly seem to have started the quarter in some style. It appears thanks largely to them that the London market managed to shrug off disappointment at the lack of an interest rate cut at the Tory party conference and close the week at a new high. Of course, the possibility remains that these rates may be cut at the time of the budget. UK investors may also not have fully grasped the possibility that, once down, rates could stay low for some time. Yet the market could be on dangerous ground if it is relying on foreign money to drive share prices higher meanwhile.

In price/earnings terms London still looks cheap against Wall Street. Strip out the exceptional charges which have reduced US earnings in recent years, though, and the difference becomes much smaller. There is thus less logic than immediately appears in US investors diversifying into the UK because valuations in their own market are stretched. It is hard to imagine a correction on Wall Street which did not affect London and other international markets as well.

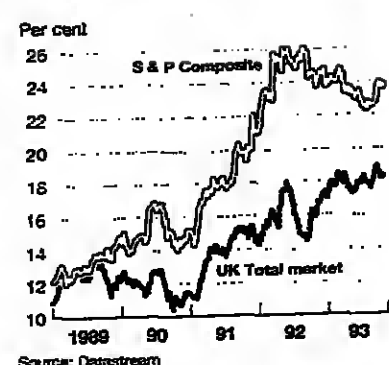
Similarly, at some point one must question the link between bond yields and share prices. It is all well and good to claim that lower long term interest rates allow shares to trade on a higher multiple. But companies must also deliver the earnings growth implicit in their rating. That will not be easy if bond yields are low because poor world growth prospects will keep inflation at bay. The actual results reported by UK companies during the interim season may validate the market's recent rise; the generally cautious tone of accompanying trading statements does not suggest much room for more.

British Aerospace

As Mr George Simpson, British Aerospace's deputy chief executive, ponders whether to stay with the company this weekend, BAE's turbulent last two years will give him plenty of food for thought. Since the ill-fated rights issue, departure of Professor Sir Roland Smith, and 51m write-off against the regional jet business, BAE has made solid progress. A further large Terms to contract with Saudi Arabia has been secured, the Eurofighter relieved, Ballast Nedam and the corporate jet business sold. Perhaps most importantly to Mr Simpson, Rover has done well in an appalling European car market.

FT-SE Index: 3108.6 (+16.2)

P/e ratios



Source: Datastream

Recently, however, the news for the company has been less good. Eurofighter has encountered technical problems and the negotiations over forming a joint venture for the regional jet business with Taiwan Aerospace have been bogged down in detailed disputes. The time must be fast approaching when BAE should withdraw from discussions rather than endure further uncertainty.

Yet the collapse of talks with Taiwan would not now be the disaster they would have been 18 months ago. BAE has released cash through its asset sales. More importantly, the company has renegotiated its banking arrangements to remove the minimum net worth constraint which had effectively prevented it from writing off other businesses. It can now rationalise its turbo-prop aircraft or missile operations without undue worry. The balance sheet would be left a little weaker, but well within interest cover banking limits. The main risk to BAE from Taiwan is not financial, but that further procrastination will look like management dither.

US economy

Another disappointing set of US jobs figures did nothing for confidence on Wall Street or the dollar. While the headline growth in employment during September looks healthy enough, the unwillingness of manufacturing companies to hire permanent staff looks like the Achilles heel of the US economy. President Clinton's proposed reform of the healthcare system could make matters worse by increasing employment costs. The healthcare industry - itself an engine of private

sector job creation - faces a period of great uncertainty.

While consumer spending is growing, the Federal Reserve is unlikely to be diverted from its cautious attitude towards interest rates. The worry must be that a weak jobs market will eventually catch up with consumers. There is no sign of that yet, but the savings ratio remains low by historic standards and federal tax increases will start to bite early next year.

The fourth quarter may hold out more promise if companies start to rebuild stocks which have been run down over the summer. There is also the promise of increased construction activity as mid-western states clear up after the floods. But unless that burst of activity provides the spark of confidence which is currently lacking, it is hard to see the improvement being sustained.

Greycoat

Greycoat's management, which ran the property company into the ground, now faces another big embarrassment. Having forcefully argued that their company had no future if the Postal rescue package was voted down, they are now obliged to try to prove the opposite to disbelieving shareholders. The arbitrageurs who have piled into Greycoat's preference shares and blocked the deal clearly believe there is a better alternative for themselves, at least. Perhaps they draw inspiration from Amstrad where the obscure shareholders who voted down Mr Alan Sugar's plans to take the company private must feel vindicated by the subsequent recovery in its share price.

But the parallels are inexact. Greycoat is surely right that it can no longer continue to exist in its current form. But that is not quite the same as saying it cannot exist at all. If Greycoat were put into receivership, there would certainly be little prospect of any relief for preference shareholders. The banks' loans are well secured on the properties and the receivers would have no obligation to hang on for a recovery in values.

Administration may offer more promising chances of some salvation. But the real hope is that there is a better alternative offer for refinancing Greycoat's assets lurking in the wings. It could conceivably be that the intimidating presence of Postel may have deterred bidders from making themselves known before. That slim hope will now be put to the test.

Palestine scores a winning state debut

Continued from Page 1

drum and bagpipe bands marched on and small posies of Palestinian youths circled the ground under huge PLO flags.

Finally, to tumultuous applause, the French team appeared, their blue shirts

printed with a special "Jericho 93" insignia.

Mr Erakat laughed off the chaos, insisting that it did not augur badly for the organisational challenges Palestine will soon face.

The final score, despite Mr Platini's artistry, was a one-all win

for the Palestinians - the French probably the victims of their good manners and the heat. Asked before the game whether he thought his team would emerge victorious, Mr Erakat had replied, with a sweeping gesture over the milling crowds: "We have already won."

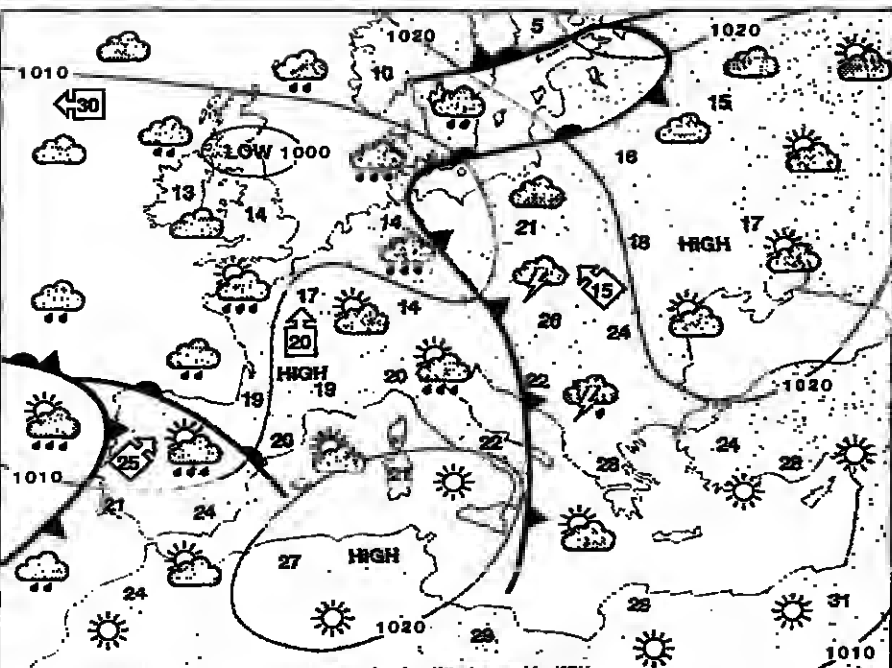
FT WORLD WEATHER

Europe today

High pressure building over the Alps and western Germany will result in some sunny spells across these regions. A frontal system will trigger some showers over the Czech republic, eastern Germany, and western parts of the Balkans. However, the greatest amounts of rain are expected in Denmark and extreme southern Sweden where a few thundery outbreaks are likely. A depression over south-western Europe will bring substantial rain into Portugal while scattered showers will affect most of Spain. A few showers will spread as far as southern France. It will be very sunny in Italy, south-eastern Europe and the Middle East. But the British Isles will see changeable conditions with rain over Scotland.

Five-day forecast

Low pressure will maintain its grip on south-western Europe. By early next week the low will spread northward bringing another rainy spell to the British Isles. High pressure will persist in the south and south-east, resulting in warm and dry conditions over the Mediterranean. Most of the Balkan countries will also enjoy unseasonable warmth and sunshine. In the north, bands of rain will keep moving over southern Scandinavia from time to time.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Metro Consult of the Netherlands

TODAY'S TEMPERATURES

WORLD'S AIRWAYS

	Maximum	Belfast	showers	12	Cardiff	fair	14	Frankfurt	fair	15	Malta	fair	25	Rio	sun	27	
	Colombo	Belgrade	showers	25	Chicago	showers	19	Geneva	showers	10	Manchester	cloudy	28	Rome	sun	24	
Abu Dhabi	sun	33	Berlin	showers	18	Cologne	fair	15	Glasgow	rain	22	Munich	showers	29	S. Diego	sun	22
Accra	thund	30	Bermuda	fair	29	O'Fallon	fair	28	Hamburg	cloudy	13	Moscow	showers	29	Singapore	sun	29
Algiers	fair	27	Bogota	fair	20	Paris	fair	27	Helsinki	fair	10	Munich	thund	31	Strasbourg	fair	18
Amsterdam	fair	18	Bombay	cloudy	33	Dallas	fair	27	Hong Kong	fair	34	Montreal	rain	12	Sydney	showers	29
Athens	sun	26	Brussels	fair	15	Dubai	sun	32	Jersey	fair	15	Murdoch	showers	26	Taipei	sun	25
B. Aires	fair	25	Budapest	showers	20	Dubai	sun	32	Karachi	sun	35	Nairobi	showers	26	Tokyo	showers	22
B. Aires	cloudy	14	Chengdu	thund	15	Dublin	sun	12	Kuala Lumpur	sun	30	Nassau	thund	23	Toronto	showers	11
Bangkok	cloudy	33	Caro	sun	31	Dubrovnik	showers	21	Las Vegas	fair	27	New York	showers	23	Tunis	fair	25
Batavia	cloudy	28	Cape Town	sun	19	Edinburgh	rain	13	Lima	fair	20	Nice	fair	18	Vancouver	sun	21
Beijing	showers	19	Casablanca	fair	30	Faro	fair	22	London	showers	15	Nicosia	sun	29	Verona	showers	20
									Luxembourg	showers	13	Paris	fair	17	Warsaw	cloudy	21
									Lyon	showers	18	Perth	fair	17	Washington	fair	24
									Madrid	showers	25	Prague	showers	14	Wellington	cloudy	17
									Majorca	cloudy	23	Reykjavik	cloudy	7	Zurich	fair	14



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Japan adapts its winning strategy to soccer



THE MASSIVE bank of Yomiuri Verdy fans were in full voice, waving a host of green flags, urging on their team against their bitter rivals, the Nissan Marinos. But as they chanted - "Verdy, Verdy" - one of the oddities of Japanese soccer became fully apparent. It was not simply that their chant had a pleading, rather than a threatening, tone - it was also a question of pitch. They sounded like rejects for the Vienna Boys Choir. Most of the Yomiuri Verdy fans were teenage girls.

In only six months, a craze for soccer has reached epidemic proportions in Japan. A year ago, hardly anyone watched the game. Now, it is threatening to dislodge Japan's stodgy baseball as the nation's most popular sport. Most matches are sold out. People have moved house to be within the catchment area for season tickets and - most alarming for Japanese men - young housewives are reported to have become so fascinated with its fast-moving action that they have stopped clearing up after evening meals until half-time.

Amid the worst Japanese recession for 20 years, the launch of the J-League this year has created from scratch a consumer market worth perhaps ¥140bn (\$87m). Soccer players have become part of the regular diet of Japan's popular weekly magazines.

The rise of the 10-team J-League has been a telling demonstration of how the Japanese industrial strategies which took it to world leadership in cars and electronics can be applied to sports.

The J-League is a case study in how a sport can be turned into a big business through a partnership between the public and private sectors which combines entrepreneurialism and central planning.

Even if Japan falls short of its ultimate goal - to become a force in the world's most popular sport - the success of soccer has turned on their head long-held European assumptions about the game - as well as confirming one central truth.

The truth is that the most important ingredient in professional soccer is not the players, not what happens on the pitch, but the crowd. Japan has cheerfully overturned the British assumption that soccer is an outlet for men to indulge anything from harmless obsessions and boyish fantasies to violent rages and racial prejudices.

In Japan soccer matches are not tribal contests but entertainment. And most of the excitement does not come from events on the pitch - the quality of the soccer is often mediocre - but the atmosphere generated by the dancing, screaming, flag waving, horn blowing crowd.

The carnival atmosphere is no accident as Hisao Kinoshita, the executive at advertising agency Hakuhodo

responsible for soccer, explained: "We set out to make a soccer game like a disco, lots of vivid colour, lights, fashion, music."

The disco atmosphere has not detracted from the game. On the contrary it has been a huge motivation according to Gary Lineker, the former England star playing for Nagoya Grampus 8: "The crowd is the best thing about the game. Whenever we play the games are sold out and the crowd is not at all cynical. They view the whole thing as positive, even if you are three nil down they still get behind you and to be honest I have found that really refreshing." Lineker admits that at the end of his career, with London's Tottenham Hotspur, a top English team, his motivation for league games was flagging. A few months playing in Japan has revived his spirits.

For anyone who has trodden fearfully through the turnstiles at a British

in public.

The players provide unfamiliar and attractive role models. In Japanese companies people are promoted according to their seniority; in soccer it is performance which counts. The Japanese respect authority, especially when it comes in uniforms; soccer players publicly dissent from it by shouting at the referee. Sumo and baseball both promote a monosyllabic stoicism among their stars, success is underplayed and defeat suffered as humiliation. Soccer players are outspoken and revel in the publicity their love affairs and garish clothes attract.

So the popularity of soccer is one more bit of evidence of the change of social values underway in Japan. Baseball symbolises the values of collective discipline which helped Japan to succeed after the second world war. Soccer represents new values, as Kinoshita explained: "We asked young girls what

Most teams needed a cash injection of about \$20m to improve their stadiums and to set up reserve and youth teams.

But the league also insisted upon local involvement, to create a public-private partnership. Kinoshita explained: "We wanted it to be a citizens' game. Not focused on Tokyo but based in the regions." So at Kashima, 45 miles north of Tokyo, home of the Antlers, winners of the league's first stage, the local council brought together about 20 companies, led by Sumitomo Metals, to back the team. Private money is being used to upgrade public facilities.

Another vital ingredient, which played a central role in earlier Japanese successes, is an unashamed borrowing of foreign technology.

The on-field technology has come in the form of balding, greying, injury-prone and aging stars such as Lineker, Pierre Littbarski from Germany and a clutch of Brazilians led by the legendary Zico. Alcindo, the Brazilian who is the league's main goalscorer, has become a national hero.

But most important, the Japanese went to the US for the commercial technology off the field. The J-League is following the American National Football League which controls the design, marketing and sales of items related to its member teams. All J-League teams have songs and mascots, emblems and a package of goods - caps, bags, water-proof - in a homogenous style designed by Sony Creative Products and pitched at 15-25 year olds.

Sony has opened 105 shops to sell the merchandise and Mizuno, the sports-wear maker, has opened a further 627 mini-boutiques to sell outfits.

Soccer has provided companies with a new route into the youth consumer market, while the companies have provided soccer with the chance of long term success.

The J-League's corporate backing means it will probably avoid the fate of the North American Soccer League which signed stars like Pele and Franz Beckenbauer but eventually collapsed.

For the J-League to endure the standards of play will need to improve, to match world standards. That will require further investment in foreign expertise while Japanese production gets up to international standards. Yet even so the Japanese national team is still in with a good chance of qualifying for the 1994 World Cup.

Japan also needs investment in better grounds. Some, such as the national stadium in Tokyo, are larger than anything in the UK premier league. Most are small, former athletic tracks, where most of the crowd stand. By 1996 work must start on 12 stadiums with a

Turn to Page XI
World Cup showdowns Page XIV

Companies such as Nissan, Mitsubishi and Sony have turned their attention to packaging the world's favourite sport. Charles Leadbeater, accustomed to the terraces of English grounds, goes to a J-League match and gets a surprise

ground, endured 90 minutes of boredom and escaped relieved to be in one piece, a trip to a Japanese soccer game would be a revelation.

At the Verdy-Marinos game, the 60,000 crowd was mainly young and mixed: about 40 per cent of J-League spectators are women. They create a wall of noise and colour even when the only entertainment is the Marino's dancing mascot, an escapee from Disneyland - a giant chicken dressed as a sailor captain.

The game's start is announced by a booming American presenter and a giant video screen, which replays the most exciting moments. At half-time people queue politely for the toilets and refreshments. At the end the crowd flies out in good humour, without dropping much rubbish, let alone hinting at violence. In England many clubs have proudly launched "family enclosures" to attract parents and their young children. In Japan the entire stadium is a family enclosure.

The game's popularity, especially among young people, is in large part a reflection of the paucity of choices available to them. Baseball is a sport mainly for men over the age of 30. Sumo is popular but tournaments are months apart and tickets are expensive. Soccer on the other hand allows young people to get out of their cramped family homes and do things that are difficult in Japan: shout at the top of your voice and display emotion

soccer meant to them: they said it meant freedom. Baseball players can only play baseball and within the game they have specific tasks - pitching, first base - which they have to stick to. Soccer players can run all over the field and off the field they are treated like film stars.

However the J-League's success is also due to a well planned strategy, which combines several elements familiar in Japan's rise in other business fields.

At the outset there was an entrepreneur with a vision: Saburo Kawabuchi, a former player in the Japanese national team who persevered with his idea for the league when many, including Denso, the country's largest advertising agency, told him it would fail.

Kawabuchi has done for soccer what the likes of Akio Morita of Sony did for electronics. He provided it with high ambition. He says: "We thought that unless we aimed for a high ideal it would not be worth it. If we had attempted to achieve our goals in a gradual way it would have been natural but I do not think it would have worked."

The next step was to promote carefully planned co-operation in the name of competition. The companies which owned the 10 amateur teams increased their commitment. Toyota backs Nagoya Grampus Eight; Mitsubishi the Red Diamonds, while Verdy is backed by Yomiuri, the publishing group.

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The Long View/Barry Riley

Negative equity trap



THOSE waggish building society statisticians are teasing us once again. Halifax told us this week that house prices rose in September and are up 1 per cent year-on-year, while Nationwide claimed they fell and are still running 2.5 per cent lower than in September last year.

The difference of view might reflect the fragmentation of the housing market as well as the low volume of transactions and the building societies' loss of mortgage market share, which make the figures more erratic. Nationwide claims that the average house price is £53,000, while the Halifax says £51,000. You could read into that obvious difference in sample structure that the more expensive end of the market is now doing rather better, which fits in with local gossip down my own street.

This year's lower interest rates, and the prospect of a further fall to come, have improved the tone of the market, and the stabilisation of the unemployment numbers has helped as well. On the other hand, it is possible that the revenue-starved Kenneth Clarke will further nibble away at tax relief on mortgage interest in his first Budget next month. The long view of the British housing market, moreover, is that time may be running out for the generation that regarded a home as a prime money-making asset: the demographic crisis of the late 1980s and early 2000s, in the shape of a shortage of first-time buyers, looms ever closer.

Whatever the minor quirks of the indices, the general picture is that house prices have stabilised and are nationally speaking - at reasonable levels. The ratio of the average house price to average earnings is squarely within the range of 3 to 3.5 which can be regarded as normal (compared with almost 5 at the national price peak in 1989).

In terms of structure, however, the market cannot be said to have yet been normalised, at any rate in the south.

There, the negative equity problem persists almost untouched. Perhaps 1.5m home owners - estimates range up to nearly 2m - owe more to banks and building societies than their home is worth. Such people, most of whom are first- or second-time buyers dating from 1987 to 1990, are stuck in the same probably inadequate accommodation after five or six years, and they could continue to be trapped for at least as long into the future. They are certainly not going to be bailed out by earnings inflation, which has been the key long-term enabler of house prices in the past: it is running at only 3.5 per cent, and is unlikely to accelerate in the near future.

T rue, it is possible to argue - as does John Wrigglesworth, housing analyst at UBS - that the problem will generate its own solution: because of the shortage of available property in the affected regions prices there will be forced up, perhaps by 20 per cent before a demand-supply balance will be restored. I find it hard to believe this, however, because these are now some of the British economy's most sluggish regions, precisely because of the loss of the injection of demand previously provided in the 1980s by a buoyant housing market, with all the attendant release of equity and confidence-boosting wealth effect. Instead of an excess share of movers and shakers Greater London now has a higher unemployment rate than Scotland or Wales. Why would anybody pay a premium price to live in a depressed region?

It was because of my fears about a continuing freeze-up in the housing market that a year ago I suggested the launching of a lifeboat, a national household mortgage workout scheme to take over the troubled debt. This could at least have lubricated the market (recently transactions have only been running at half the rate of 2.15m recorded in 1988) and released young people from imprisonment in starter homes, although they would still have £10bn or more of residual debt hanging

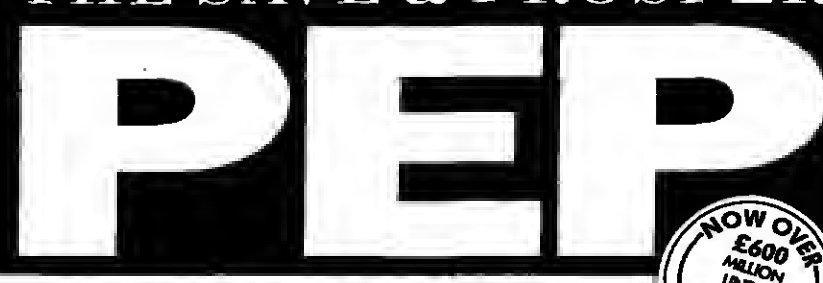
over them indefinitely. In the circumstances any recovery in the housing market could now prove patchy and distorted. Yet the upper end of the market, where the mortgage problem scarcely applies, could respond to economic growth and the ready availability of reasonably cheap loans. In the north and Scotland, too, there is scope for business as usual: prices in Scotland are now a fifth higher than in 1989.

The trouble is, people are less willing than they were to take on huge debts. On average, a house purchase requires a 75 per cent advance, worth approaching £50,000. Since 1986 the total of mortgage debt has gone up from £250bn to £350bn, and it surely cannot rise very far in the future. We may have entered a period of low interest rates but the personal sector is much more indebted than it was before the previous house price boom in the early 1970s and the late 1980s. And it may well be that 250,000 repossessions in the past five years have left their mark on attitudes in Acacia Avenue.

S o although I would expect house prices to rise over the next year, I would be surprised if the average increase were more than 5 per cent. Looking further ahead, moreover, there is the problem of the baby slumpers. The number of 17-year-olds is about 30 per cent less than the population of 25-year-olds who are now entering their prime first home buying years. In the immediate future first time demand should remain fairly healthy because it is likely to be supplemented by buyers who have been waiting for the market to stabilise. Last year's 400,000 first-time purchases compared with the potential "normal" figure of perhaps 550,000, so there is pent-up demand out there. Between 1995 and 2000, however, the adverse demographic trend will become noticeable.

Come the new millennium, I suspect, the rival building society house price indices will no longer be divergent but will be telling much the same dreary story.

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MARKETS

London

A standing ovation for the equity market

By Peter Martin, financial editor

The Conservative Party is the party of sound money or it is nothing.
Kenneth Clarke
October 7 1993

IF YOU take those words at face value, there was an important message for the markets in Kenneth Clarke's big set-piece speech to the Conservative conference. Yet both the equity and gilt markets were unmoved. Shares closed on Thursday a little below their levels of the day before. And the yield on 30-year gilts, the best indicator of the anticipated soundness of money, edged up a fraction.

Does this lacklustre reaction mean that the markets had already fully discounted what Clarke had to say? Or simply that they do not take politicians' words at face value?

A hit of both, perhaps. Still, the speech is worth examining, because it captures neatly the policy uncertainties the market must deal with.

First, the quotation reprinted at the head of this article. Let us take it as an earnest of good intentions rather than as a strictly accurate portrayal of the historical record - Conser-

vative chancellors have, after all, been responsible for two of the three big bursts of inflation of the past two decades. Suppose that it means Clarke is fully committed to a low-inflation policy, perhaps influenced by the 1½ per cent target proposed by Rupert Pennant-Rea, the new deputy governor of the Bank of England.

If that is what the government intends, as the basis for its November budget and its monetary policy decisions, then some, at least, of the stock market commentators will be wrong-footed. Take the latest thoughts from Robert the Banker and Bob Semple of NatWest Securities. "Absolutely key to our whole equity market valuation," they say, "is our expectation that inflation has now bottomed out." Gilts will do poorly as a result, they argue, and equities look more attractive, as the underlying rate of inflation edges up towards 4 per cent.

True, they do not expect it to break this ceiling, the upper limit of the government's current official target range. But steady 4 per cent inflation would halve the value of your money in 19½ years, less than the average life of a mortgage

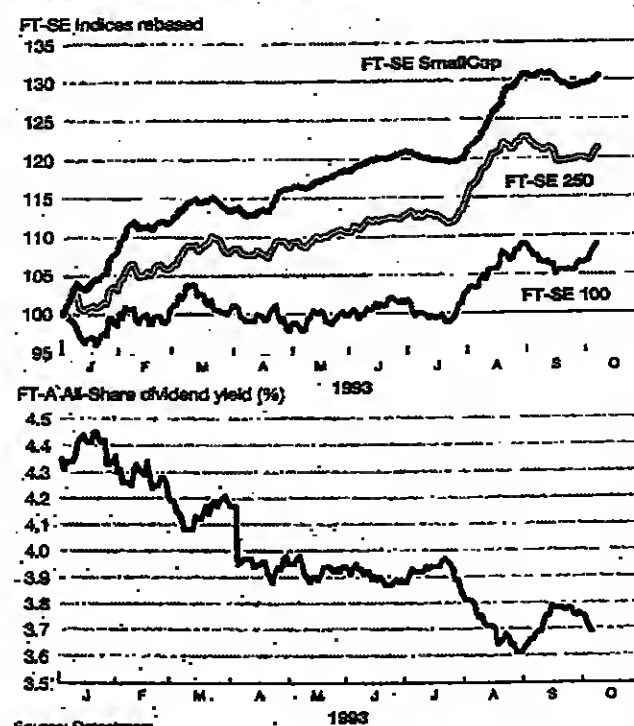
or the time the typical woman spends on a pension. That is not what most people understand by "sound money".

So, if the chancellor's commitment to sound money is more than rhetoric, it implies greater stringency than the current outlook for inflation would suggest. A monetary policy based on truly low inflation would give some investors, at least, a bit of a surprise. It would make gilts relatively more attractive than equities; it would dampen hopes of a further cut in interest rates; and it would imply an economic policy tight enough to undermine the expectations of an earnings recovery on which current share values are based.

The market clearly read none of this into the speech. As the week ended, the FT-SE 100 index, having edged past its all-time closing high on Wednesday, had lost none of its sparkle. It finished the week at 3108.6, a new record.

In one sense, the FT-SE 100 was not alone: other bourses round the world, from Australia to Switzerland, were setting new highs this week also. In another sense, however, the UK's blue-chip index was moving upwards unaccompanied:

The rally gets a second wind



the two indices which reflect the performance of mid-sized and smaller UK stocks were noticeably hanging back. The FT-SE Mid 250 index, which closed the week at 3477.3, is still below its August high of 3513.3; the FT-SE SmallCap is also below its peak.

The two factors were perhaps connected. A wave of worldwide equity buying, by big continental and US institutions, has been pushing up share indices around the world. These investors tend to be interested in the top stocks, not the smaller fry. In many cases, they buy into the index future, leaving market arbitrage to drag up the individual constituents. This week, for example, the FT-SE 100 future has been consistently leading the cash market higher, trading about 10 points above the "fair value" calculation that reflects the interest implications of a forward contract.

Still, volumes in both futures and cash market have been unremarkable: the week has lacked the true buying frenzy which takes the market well into fresh territory.

There are a few noteworthy developments in individual stocks. One that stood out was the announcement that Whitbread was giving equal voting rights to its two classes of shareholders; and also buying

out the 50.1 per cent of publicly owned shares in its sibling, the Whitbread Investment Company, which has long extended an umbrella over small independent brewers. The market had obviously expected at least one of these developments: Whitbread's B shares, which have 20 times the voting power of the A shares, were among the best performing shares in the world last month, according to the FT-Actuaries World Indices. As compensation for losing their superior voting rights, B shareholders will get 1.27 new A shares for every B share they own.

There was less happy news for shareholders in Tiphook, the heavily indebted container leasing and transport rental group. On Thursday, its shares fell nearly 30 per cent after the company warned it would breach its banking covenants. They closed the week at 123p, half the 253p they fetched a week ago and a quarter of their May 1992 level. Yesterday, it looked as if Robert Montague, Tiphook's founder and executive chairman, might pay the price of damping shareholders' and bankers' expectations.

The key to survival, perhaps, is to set the financial markets' expectations so low that there is no danger of missing them. Kenneth Clarke is clearly set for a long and happy career.

Serious Money

Life after Taurus for shareholders

By Scheherazade Daneshkhu

AFTER the Taurus fiasco in March, when the stock exchange abandoned its plans for a computerised trading system, the Bank of England set up a task force to produce new proposals.

It suggested a 10-day rolling system to replace the present two-week account, with the aim of reducing the settlement period further to five days. A new electronic system, known as Crest, would be set up eventually to allow "paperless" trading so that share certificates and stock transfer forms would not need to be passed between broker and client.

The exchange, which has kept a low profile after the Taurus embarrassment, announced this week that it would adapt its existing Taurus settlements system to the 10-day rolling period from July 15 next year.

What will the change mean for private shareholders? At the moment, they have two weeks - sometimes longer - to settle accounts. They are also able to pay only the net amount at the end of the account. If, for example, you were to buy shares today for £500 and sell others in a few days for £400, you would only have to pay out £100 (excluding costs) at the end of the account period. Under the rolling system, if you were to buy the shares today you would have to pay out £500 10 days after the day you bought them.

There is also an effect on the delivery of shares. If you sell shares and buy them back during an account period, you do not have to deliver them. But with a rolling settlement system, you would have to deliver the shares.

The effect of this on "bed-and-breakfasting" shares for capital gains tax purposes, is not yet clear. John Cobb, a member of the Bank of England task force and chairman of the Association of Private Client Investment Manag-

ers and Stockbrokers, says that since the system has the flexibility of allowing for different settlement dates, it should be possible to co-ordinate sale and repurchase of shares for settlement on one day. Whether the Inland Revenue will view this with favour is another matter.

Many argue that rolling settlement will be more efficient and less risky than the present system. London's two-week settlement period is far longer than that of other main markets and regulators have been concerned that if either buyer or seller fails to deliver, other market participants with unsettled trades could face large losses.

Those who are selling will benefit from rolling settlement most since they will receive their money more quickly than at present.

What is more problematic is the envisaged move towards five-day rolling settlement. This will not give enough time for a shareholder to get his contract note from the broker, send him a cheque and have the cheque cleared.

This system only becomes workable if private investors place their stock in the nominee name of their broker or have a deposit account with him. At the moment it appears that brokers will need to use a pooled nominee.

However, many shareholders dislike the pooled nominee system because they are deprived of many of their rights.

Unlike a designated nominee account, where the shares are registered jointly in the name of the nominee company and the shareholder, in a pooled nominee, the stock is not registered in the shareholder's name. He does not receive direct communication from the company and so forgoes the company's annual report and meeting and direct information on rights issues.

Most brokers charge the shareholder a fee for being in a nominee and they will also

charge for handling a cash account.

Fortunately, investors will not be obliged to go down this route (unlike Taurus, where they were not given the choice) but they will end up paying more for the privilege of eschewing paperless transactions.

It would be welcome if the Bank of England could implement measures by which private shareholders would be able to retain their shareholder rights while benefitting from the lower costs and greater efficiency which the new system is said to introduce. Preserving and refining the designated nominee system is one suggestion.

Otherwise there will be considerable, and understandable, private shareholder resistance to the new system.

□ □ □

The rebuke to North of England building society this week by the Securities and Investments Board, the chief regulator for the financial services industry, is yet another reminder of how poorly regulated the industry is.

The building society's independent financial advisers encouraged employees to leave company pension schemes and buy personal pensions. They sold with-profits bonds to people who did not understand the surrender penalties.

Although most banks and building societies are regulated by the SIB, this is only the first time that it has publicly criticised a company which it regulates. Unlike the self-regulating organisations, it does not have the power to impose a fine although North of England says it will pay compensation to those involved.

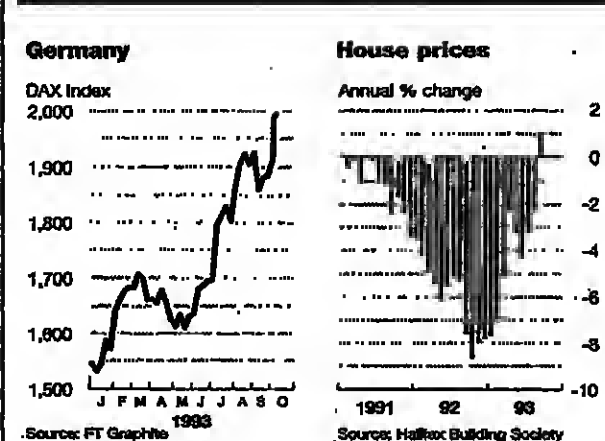
If the proposed self-regulating body, the Personal Investment Authority, is to be credible, it should at least ensure that all those in financial services operate under the same regime.

Norma Cohen, Page IV

HIGHLIGHTS OF THE WEEK

	Price	Change	1993	1993	
	Ytd	on week	High	Low	
FT-SE 100 Index	3108.6	+89.3	3108.6	2737.8	Base rate optimism
FT-SE Mid 250 Index	3477.3	+60.6	3513.3	2876.3	Focus on domestic stocks
Bank of Scotland	190	+18	190½	116½	Good figures
British Aerospace	404	-13	468	165	Taiwan worries
British Airways	375½	+14	376¼	249	Improved traffic figs
Campari Intl	103	-38	292	85	Worse-than-feared results
Glaxo	666	+31	801	509	Positive sentiment
Hewlett-Packard	160	+23	180	90	Good results
Manchester United	591	+78	600	327	Good results
Martin Intl	49	-38	97	47	Poor results
Northern Foods	267	+22	291	242	B2W/Stratus positive
Sainsbury (J)	436¼	+20½	584	413	B2W launches warrant
Smith (WH) A	499	+21	498	400	Do it All cuts imminent
Tiphook	123	-130	382	116	Profits warning
United Biscuits	368	+23	437	340½	Bld rumours

AT A GLANCE



Frankfurt reaches a high

FRANKFURT'S DAX index hit an all-time high this week, gaining 4.9 per cent on the week and closing on Friday at 2,005.1. The main impetus behind the surge was thought to be German investment funds moving out of bonds and money market funds and into equities, as capital market rates fell.

Equities currently form a historically low proportion of privately-held German funds' portfolios, so there is scope for a continued boost to the market. Foreign investors, particularly from the US, have also been showing interest in German shares due to hopes of growth in corporate earnings after restructuring.

Halifax house index climbs

HOUSE prices in September were 1 per cent higher than in September 1992, according to the Halifax building society. This is the first annual rise in the society's adjusted Halifax house price index since January 1991. The annual rise could reach 2 or 3 per cent by the end of this year, the society said, but warned that the housing market recovery was still fragile.

In contrast, the Nationwide building society's index showed a year-on-year fall of 2.5 per cent in September. This was largely due to a drop of 1.8 per cent since August, the first fall in the Nationwide index for five months. However, the Nationwide also predicts a modest year-on-year gain by the end of 1993.

Discount on Asean fund

GUINNESS Flight is offering investors a 1 per cent discount on its Asean fund until 29 October. The fund is a SIB recognised offshore unit trust, based in Guernsey. It invests in the six members of the Association of South East Asian Nations: Singapore, Malaysia, Thailand, Philippines, Indonesia and Brunei. The minimum investment is £5,000 or \$10,000. New investments before the closing date will attract an initial charge of 4 per cent, rather than the usual 5 per cent. The annual charge is 1 per cent.

Range of fixed mortgages launched

SEVERAL lenders have launched fixed rate mortgage offers this week. The TSB has a rate of 7.55 per cent (APR 8.0) fixed for four and a half years, 7.25 per cent (APR 7.5) fixed for three years, and 5.95 per cent (APR 6.2) fixed for one and a half years. The maximum loan is 95 per cent, buildings and contents insurance is compulsory and arrangement fees are £50-£250. The Bristol & West has four, three and two year fixed offers, at 7.35 per cent (APR 7.7), 6.95 per cent (APR 7.3), and 6.5 per cent (APR 6.9). Again the maximum loan is 95 per cent (90 per cent for remortgages), buildings and contents insurance is compulsory and there is a £300 arrangement fee. BNP Mortgages is offering a rate of 6.9 per cent (APR 7.8) fixed for three years, or 7.5 per cent (APR 8.1) over four years. The maximum loan is 95 per cent, insurance does not have to be bought from BNP, and the arrangement fee is £295. The mortgages are all offered on repayment as well as endowment mortgages. All carry early redemption penalties.

Smaller companies creep up

SHARES in smaller companies climbed a little this week. The Hoare Govett Smaller Companies Index (capital gains version) rose almost 1 per cent from 1580.17 to 1595.89.

Wall Street

Investors eye Somalia and think of Vietnam

TRADITIONALLY parochial in their outlook, US investors are learning to pay more attention to what happens outside their borders. This week, for example, the political crisis in Russia grabbed the attention of New York's financial markets.

On Tuesday morning, President Yeltsin's apparent triumph over his enemies helped lift the Dow Jones Industrial Average by more than 20 points.

Also this week, the markets were keeping a close eye on the deteriorating situation in Somalia where 12 US troops were killed and at least one US aviator captured and paraded in front of the world's press.

At first glance, there seemed no direct link between events in Somalia and the New York markets - the US has no pressing economic or strategic interests in the Horn of Africa. Yet, any hint that US forces might become entangled in a protracted, and probably unwinnable, overseas military conflict unnerves Wall Street because of the potentially high financial and political costs.

For many Americans, the sights and sounds emanating from Mogadishu revived unhappy memories of Vietnam. Economists worry that the country's confidence, already shaken by a protracted period of economic stagnation and growing social problems, would be further undermined by a messy involvement in another foreign conflict far from home.

On a more positive international note, US markets took heart this week from buoyant stock prices in Europe, where hopes for fresh interest rate cuts and a resurgence in local economies boosted demand for equities in Frankfurt, Paris and London.

While Wall Street generally regards gains in overseas stocks as positive for domestic markets, there is a danger that the strong performance of foreign equities could lure funds out of US stocks. Recent figures on mutual fund sales have shown that US investors' appetite for funds that invest in foreign markets has been growing steadily this year.

Finally, evidence of how international US markets have become was there for everyone to see on Wall Street this week. Well, not actually on Wall Street but on neighbour-

ing Broad Street where a variety of cars, trucks, helicopters and model aircraft made by Daimler-Benz were on display on Tuesday to celebrate the launch of the German group's shares on the New York Stock Exchange.

Daimler became the first German company to obtain a full listing for its stock on a US exchange, and more are expected to follow now that

the country's biggest industrial group has hit the bull and agreed to calculate its earnings according to US accounting principles.

Domestic investors are searching overseas for investment opportunities primarily because the markets at home are looking increasingly overpriced. It is difficult to justify share prices at, or near to, record highs when the eco-

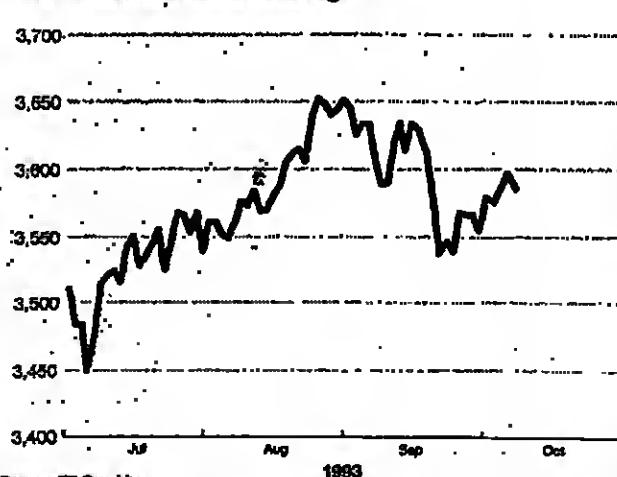
nomic fundamentals remain so unimpressive.

Take yesterday's September employment numbers. Although non-farm payrolls last month rose by a seemingly-solid 166,000, the headline number disguised underlying weakness in the manufacturing sector, where payrolls actually shrank last month. There was also a worrying decline in the number of work-hours.

The weakness in manufacturing jobs explained why the stock markets ignored yesterday's rally in bond prices. The 30-year bond shot up by more than a point after the employment report, lowering the yield to 5.917 per cent, but equities fell.

Investors are also concerned about corporate earnings. The third-quarter reporting season opens in earnest next week and, over the past few days, several big companies - notably Advanced Micro Devices and Corning - issued warnings that their latest three-monthly results would fall short of market expectations. Although there were other companies, such as Chemical Banking and Goodyear Tire &

Dow Jones Industrial Average



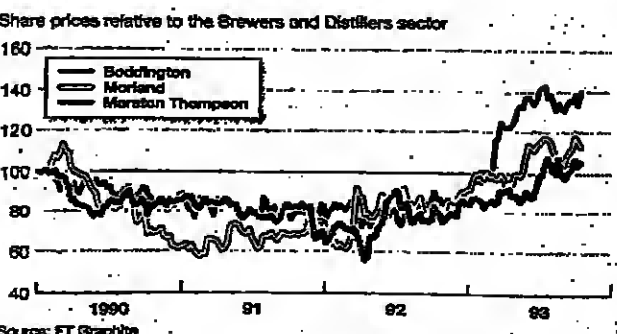
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The Bottom Line

Whitbread's guessing game

Regional brewers recover



would complement Whitbread's position in southern England. If it decides to use its greater freedom to make acquisitions in the pub sector - braving the inevitable interest of the Monopolies and Mergers Commission - there are few better packages available.

Whitbread's stakes in the other regionals would seem to have less intrinsic interest for the group apart, in some instances, from helping to smooth the supply of its beers into their pubs. But their disposal could enliven the sector.

If the 12 per cent stake in

Morland comes on to the market, it could re-awaken the interest of Greene King, which is sitting on 29.3 per cent of the Thames Valley brewer after its unsuccessful bid last year. And Brakspear, the Oxfordshire brewer, the controlling family of which bought a chunk of its shares from WIC last year, now faces the disposal of a second tranche.

With the potential sale of more than £100m of shares in regionals from Vaux (£22.5m) and Greenalls (£12.7m) in the north, to Wolverhampton & Dudley (£6.4m) in the Midlands and Fuller, Smith & Turner (£5.9m) in the south, the sector will come under keen scrutiny.

It will reveal some promising changes since the MMC shake-up of the industry - not least, a strategic return to the core business of brewing and pubs after some wild excursions into such activities as

computers and carpet-cleaning

The regionals, in general, have made good use of the opportunities afforded by the MMC to strengthen their pub estates and, with the renascence of cash-conditioned ales, their beer brands. "They have provided shareholders with an impressive rate of growth over the past four years," says Michelle Proud, analyst at NatWest Securities.

The average rate of compound growth in earnings during this period has been 9 per cent - significantly better than that of either the market or of the major brewers.

"No fund manager is likely to have lost sleep with investments in the regional brewers."

So far, pub retailers have done better than the integrated brewers, but the balance could be changing as the recession recedes.

Those companies which remained in brewing, have strong ale brands and an expandable well-run, managed pub estate can now expect higher rates of growth.

Philip Rawstone

FINANCE AND THE FAMILY

Health insurance that won't bleed you dry

Bethan Hutton looks at the options for budget-price treatment

THE COST of private medical insurance has been rising by well above the rate of inflation. This, combined with the recession, has led to a wave of policy cancellations. So, insurers have been fighting back with new budget policies designed to cover the basics. Fear of long NHS waiting lists is the main reason many people think of buying private cover. While the government's much-trumpeted campaign to cut waiting lists might have reduced your chances of having to wait two years for a routine operation, many people are still waiting a year or more, often in considerable discomfort, for non-urgent procedures such as hip replacements or hernia repairs. One of the commonest devices used to lower the cost of private medical insurance is the six-week rule. This means that once a consultant has said you need to go to hospital, you use the NHS if it has a waiting list of less than six weeks for that operation. But if the wait would be longer than six weeks, you get private treatment immediately. The six-week rule is, however, one of the most mis-

understood concepts in insurance. Many people believe it means they must wait six weeks for private treatment. The important thing to understand is that it means you should never have to wait more than six weeks for treatment, whether in the NHS or privately.

You must remember, though, that signing up for private cover is not going to help you jump the queue if you already have a problem which needs treatment. Medical cover is the same as any other insurance: it is intended to pay out if the unexpected happens, not for certainty.

If you have a medical problem already, most insurers will accept you for cover but will exclude treatment for that condition, or anything related to it, either permanently or for at least two years. This provides a powerful incentive to join a medical insurance scheme while you are young and healthy, and to stick with the same insurer.

Apart from the six-week rule, the other main cost-cutting methods behind budget policies are annual cash limits, the exclusion of most outpatient treatment, and a limited choice of hospitals. Some schemes

include all these elements, which can make them difficult to understand.

Jan Lawson, of specialist intermediary Private Health Partnership, emphasises the importance of understanding exactly how a scheme works, and what is covered, when you join so as to avoid disappointment later. Both Lawson and Irene Gallimore of Medisure, another specialist broker, pick the Norwich Union Personal Care scheme as a budget policy worth considering.

This policy is very basic, in that it excludes virtually all consultations and treatment as an outpatient. But it does not impose any cash limits on inpatient treatment and there is no waiting period.

Gallimore also likes Norwich's Express Care Six, which is a comprehensive policy with a six-week rule.

Unlike some six-week policies, it pays for consultations before it is clear whether you need private hospital treatment. But Lawson generally is wary of six-week rule policies because so many people find them confusing.

Exclusions Most insurers have a similar list of basic exclusions, such as

chronic or terminal illnesses (such as kidney failure and AIDS), self-inflicted conditions (eg, alcohol-related), voluntary procedures (vasectomy, infertility treatment) and run-of-the-mill expenses such as dentistry and spectacles.

Other exclusions can vary between insurers and policies. Gallimore says two to watch for are psychiatric care and pregnancy complications.

Mental illness is surprisingly common and has a wide definition. If, for example, your teenage daughter developed the slimmers' disease, anorexia, a psychiatric exclusion would come into effect.

Healthy pregnancy is excluded by all but a handful of policies but complications are covered by some, often with the proviso that 10 months must have elapsed since the policy started.

As Gallimore points out: "You don't get pregnancy waiting lists in the NHS" - but it can be reassuring to know that, if there are complications, you can opt for private care.

Choice of hospitals Hospital accommodation is usually graded A, B or C, according to the standard of the private rooms (not the



quality of medical care). Some private hospitals have only grade A accommodation, while others offer a range.

Hospital charges for ancillary services also vary, so some policies use only hospitals with lower charges.

Some budget policies are restricted to basic accommodation, while others offer a choice. A few insurers go by post code, as hospitals in London and other cities tend to be in the upper price bracket.

A 45-year-old in central London would, for example, pay £43.75 a month for a Norwich Union Expresscare Six policy, compared with £19.97 for someone living in a cheaper area.

If your post code is highly rated, you could opt for a policy with a choice of grades, or with uniform rates for the whole country.

WPA and Norwich both have policies which use only private beds in NHS hospitals. Another Norwich scheme, Local Care, makes you choose in advance the one hospital where you could receive treatment - but offers you a list of about 43 around the country.

Other discounts One tip from Gallimore is to check if your employer, or any other group or organisation of which you are a member, has a

group scheme which could give you a discount. Even holders of some credit cards are eligible for discounts. If you have no ready-made group, you could try persuading colleagues, friends or relatives to form one.

Several insurers offer no-claims discounts. For each year you do not make a claim, your premium is reduced by a

set percentage. This discourages people from making small claims, which push up administration costs.

Lawson thinks no-claims discounts are a good idea but cautions that you should first check what the standard premium is: some insurers offer "introductory discounts" of up to 30 per cent which means that, if you claim in the first year, you could find your premiums shooting up by that amount.

A more predictable way of securing a discount is by agreeing to pay an excess - a fixed amount towards every claim. Again, this is intended to discourage small claims. Bupa has discounts for fixed excesses of £100-£250 while

a 30 per cent excess (£116.28), premiums would be £20.63.

Some insurers, such as the Norwich Union, give discounts for paying annually rather than monthly.

How to buy Medical insurance is often sold through direct marketing - a leaflet is sent with your bank or credit card statement, or falls out of a magazine. The problem here is knowing how what you are being offered compares with other cover available.

Lawson recommends comparing policy terms between a comprehensive policy and a budget one, so you can see exactly what is left out. "The worst culprits are when

some of the cheaper policies are being sold by direct mail," she says. "They are marketed as if they were full schemes."

If you are confused by the hundreds of subtly different schemes on the market, you could ask an independent financial adviser for help, or approach one of the specialist medical insurance brokers.

Medisure operates a telephone advice line* which can help to narrow down which policies, from the vast range on the market, are most likely to meet your needs.

Private Health Partnership, charges a £10 initial fee for an information pack and detailed questionnaire, based on which it recommends one or two suitable plans. It is then up to you whether you buy the policy and, if so, whether you buy it through PHP. Both Medisure and PHP earn commission on policies bought through them.

If you buy through an independent intermediary, most offer a back-up service to help you when you make a claim, or if you have any problems with the company.

*Medisure advice line: tel. 0272-702 122, Monday to Friday, 9-5, and ask for information on individual medical cover. Private Health Partnership: 0943-851 133

SOME BUDGET HEALTHCARE SCHEMES

Company	Policy	6-week rule?	Cash limit?	Voluntary excess?	Choice of hospital?	Exclusions	Age limit*	Lowest premium for 45-year-old
Bupa	Healthchoice	Yes	No	£100	800, Band C	A, B, C	74	£15.28
	LocalCare	No	No	£150	43, Band C	A, B	74	£23.90
	EssentialCare	No	No	Up to £250	800, Band C	A, B, C	59	£16.68
Lloyds Bank	Budget Health Care	Yes	£30,000		Band C only	A, C	59	£20.01†
Norwich Union	Trust Care	No	No		NHS only	A, B, C	None	£21.94§§
	Personal Care	No	No		750	A, B, C	None	£14.95
	Express Care Six	No	No		750	A, B, D	75	£18.37§§
OHRA	Medios	No	No	Range	Banded	A	64	£15.63
	Young Family	No	£20-25,000		B or C only	D	44	£11.00
PPP	Value	Yes	£10,000§		C or D only	A, B, C	None	£12.70†
	Secure	Yes	£15,000§		C or D only	B, C	None	£16.80†
Prime Health	Primecare Six Week	Yes	No		banded	C	74	£18.50†
	Hospital Care	Yes†	No		C only	A, B, C	74	£13.62
	Hospital Care plus	No	No		C only	A	74	£24.88
WPA	Poplar	No	£40,000		SS	C	59	£19.90§§
	Spence	Yes	£20,000		SS	C	59	£16.10
	Macle	No	£50,000		NHS only	D	58	£24.90§§

*At entry 6. Exempt for 12 common procedures. †Deductible for co-payments. §§ depends on postcode. ‡Includes introductory discount. §§Excludes A & B (pregnancy), B & C (pregnancy of pregnancy), C = outpatient treatment except when linked to or following inpatient treatment. D = all or most outpatient treatment.

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ICS set for reform

THE INVESTORS' Compensation Scheme is the safety net underpinning the Financial Services Act. It

The most significant change is to and what is known as "cross-contribution." This means that if losses incurred by one group of members exceed their contribution to the scheme, other self-regulating organisations must contribute as well.

or disappeared with the cash. Since its inception in August 1988, it has paid out £38.2m to 4,477 investors.

It is funded (up to £48m) by a levy on members of each self-regulatory organisation, with individual assessments usually

In each of the past three years, Fimbra members - who include the IFAs responsible for the bulk of claims - have been bailed out by the life insurance industry, which has volunteered to help pay for Fimbra's portion.

societies to join a proposed new SRO for all retail financial services firms, to be known as the Personal Investment Authority. Some banks and societies have hauled, however, saying they do not wish to have to pay for the antics of

The life insurers rely on FAs to help sell their products, and it could be argued that they have good reason to help out. In the 1981/82 year, though, members of other SROs also had to contribute towards the Fimbs shortfall.

insurance up to the desired level of £100m, has forced a re-think of how the ICS is to be run.

Earlier this week, the Securities and Investments Board, the City's chief regulatory watchdog which oversees the ICS, prepared a discussion document on the scheme's future.

One of the key issues raised by the SIB's preferred solution is that each SRO should have its own compensation scheme. This would mean that the schemes could be managed centrally as a single unit to cut costs. Each scheme should have a cap of £100m in claims, a level which has never yet been approached.

Made by their members. Thus, SROs with members who are also SROs will bear the lowest management costs.

■ *Those wishing to comment on the proposals may write to: The Securities and Investments Board, 10, Beaufort Street, Bank, London EC4A 3DF.*

Some firms, particularly banks and building societies which sell insurance and pension products, do not belong to any of the SROs but have chosen to be regulated directly by SIB. But it is trying to extricate itself from direct regulation, and says in its paper that any firm it regulates will have to pay the same contribution to the scheme as any other.

That appears to be a subtle way of encouraging banks and societies to join a proposed new SRO for all retail financial services firms, to be known as the Financial Investment Authority. Some banks and societies have hailed, however, saying they do not wish to have to pay for the antics of some less-responsible Fimhra members.

Meanwhile, SIB proposes that if the schemes are to be managed separately, it will link the contribution each SRO makes to management costs to the number of times claims are made by their members. Thus, SROs with members making the fewest claims will bear the lowest management costs.

■ Those wishing to comment on the proposals may write to: The Securities and Investments Board, Gaxphle House, 2-14 Bunhill Row, London EC1Y 8RA.

BUSINESS expansion scheme investors do not lack for choice, writes *Scheherazade Daneshkhu*. Recent issues include an arranged exit, cash-backed scheme from sponsor Matrix Securities for Middlesex University, offering a return of 120p after five years for every 100p invested. The equivalent of a 20 per cent annual return to a higher rate taxpayer investor in Aegis V is 14.27 per cent. Minimum subscription is £1,000.

Royal Bank of Scotland has issued BESSA RBS, sponsored by Close Brothers, which gives investors a choice of a fixed exit price of 120p (equating to an annual return of 13.8 per cent) or a floating exit price of a FT-SE 100 linked return. The investor receives a mini-

num of 60p plus 2.5p for every 1 per cent rise in the index, up to a maximum of 36 per cent. There are *lock-ins* at rises of 24 per cent and 36 per cent.

The scheme comes with top credit ratings and recommendations from both BEST Investment and Best BES advice. Minimum investment: £2,000.

For more information, contact Gordon Hodgson Martin, aims to raise £12m for St Hugh's, St Peter's and Wadham colleges. It is offering an arranged exit price of 118p, which the sponsors say equates to a compounded annual return of up to 14.2 per cent. It is backed by gilts. Minimum investment: £2,000.

For more information, see an assured tenancy BES sponsored by Kowan Dartington.

earlier this year, and have raised £6m. It will develop properties in the Portland Basin area near Manchester which will be bought back after five years by Sanctuary Housing Association. There is some cash backing. The fixed exit price is 117p but the sponsor says it will be a good success if it will be sold by the end of November, this equates to a compounded annual return of 13.9 per cent to a higher rate taxpayer.

Sponsor Neill Clerk has also launched Unchained Reversionists plc, to raise £1.9m It is a home reversion BES underwritten which elderly owners sell their property in exchange for cash and a lifetime annuity in new accommodation. There is no mediation. It will be soon arranged. exit. Minimum

West Country stockbroker, and issued by Knightstone Housing Association, which owns properties with a vacant possession value of about £220m. The aim is to raise a minimum of £750,000 to provide low-rent homes. The fixed exit price of 123p will be partially cash-backed with deposits at Knightstone.

Govett BBS Taxinvest, sponsored by John Govett, is an extension of Assetbuilder, number 4 of which was issued

investment: £1,000.
Courtview BES Properties is an entrepreneurial scheme arranged by Peter Duboff, a chartered accountant and chairman of Courtview BES companies. It is not a sponsored issue and since no commission is payable to intermediaries, costs should be kept low. The aim is to raise up to £10m to buy first-time buyer properties in London. A novel twist is a dividend option of 5 per cent net a year.

ANALYSTS are on Monday expecting annual pre-tax profits of about £10m to £15m from the Lash Industries, the motor components and aerospace group, compared with £25.5m last time. This year's total will be flattered by about £12m of disposal profits. Trading conditions are to be tough and some fear the dividend may be cut. The City will also be interested in what the group has to say about its search for a chief executive, which has become something of a soap opera.

Interim results to the end of August from Body Shop, the natural cosmetics and toiletries retailer, are expected to show pre-tax profits of \$9m to \$13.5m, against \$5.3m last time. The company has been well depressed compared with a relatively good first half last year. The US contribution will be affected by currency transla-

tion, although stores in the region are expected to have traded well.

Highland Distilleries is expected to report full-year pre-tax profits on Monday of about £33m, including £10m from the change to equity accounting of its 35 per cent stake in Robertson & Baxter, the whisky distiller. At the trading level, profits are likely to show a near 10 per cent increase to £24m, with continuing benefits coming from Remy Cointreau's distribution of Highland's Famous Grouse whisky.


On Tuesday St Ives, the UK's largest independent printer, is expected to report full-year pre-tax profits of about £22m, slightly ahead of last year's £20.5m. The results will be the first since Mrs Emley took over as chairman from Robert Gavron earlier this

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Company bid for	Value of bid share per share	Market price	Price bid	Value of bid share	Slidder
	Prices in pence unless otherwise indicated				
Assco Fisheries	1095 ¹⁵	169	124	5,73 ²⁵	Luton Park
Bennett & Fountain		216		2.10	Marlowe
British Syngem	97	80	95	32.80	Graystone
Iran State Canal	£331 ¹⁶	£34	£214	£26.50	Park Bridge
P-E Ind. I.	72 ¹⁴	73	65	15.68	El Berr
White Blanks	420 ¹⁵	465	391	37.30	Stapico
Whitbread, Jny Co	765	741	690	462.60	Whitbread

Company	Sector	Year to	Pre-tax profit (\$000)	Earnings* per share (\$)	Dividends* per share (\$)		
Atlasd Leisure	HSL	Jul	2,940	(2,218)	5.22	3.0	(4.78)
Atterd	HL	Jun	20,500 L	(70,700 L)	1.3	(1)	(1)
Avondale	NLA	Jun	1,870	1,210	4.19	1.18	3.985
Baker (Ed)	NLA	Mar	446	(1,080 L)	0.74	(1)	(1)
Baker (Ed)	NLA	Mar	56 L	(\$4)	(1)	(1)	(1)
BCE Holdings	NLA	Jun	750	603	4.7	(5.2)	3.98
Buckman (A)	Text	Jun	1,120	(10,300)	1.53	5.0	(4.78)
Burn Stewart Dist	Prop	Jun	1,870	(1,070)	3.03	(1)	(1)
Entomby Property	HL	Jun	914	(59)	1.07	(1)	0.26
Eu-Land	CSC	Jun	412	(1,030)	0.33	(1)	(1)
Eu-Land	CSC	Jun	412	(1,030)	0.33	(1)	(1)
Holstead (James)	Chem	Jun	8,700	(3,940)	20.2	8.94	(5)
Lloyds Chemicals	Ser	Jun	49,700	(55,500)	28.8	7.26	(5)
Manchester United	HSL	Jul	4,200	8,000	32.5	(1)	(1)
Michael Mann	Prop	Jun	630 L	(23,600 L)	(1)	(1)	(1)
MSC Data Management	PPSP	Jun	10,900	(7,300)	(10.08)	5.19	(4.32)
Norox	Text	Jun	31,600	(91)	188.6	(1)	2.0
Paramount	BNO	May	480	(403)	5.05	(3.99)	5.15
Pockins	CSC	May	1,550	(9,400)	10.2	16.7	20.0
Frederick Holdings	CSC	May	3,670 L	(91)	(1)	(1)	(1)
Raine Industries	NLA	Jun	10,900	(10,000)	4.34	(3.73)	(3)
Rainhaas	NLA	Jun	7,140	(8,090)	10.3	(13.1)	(5)
Shepherd Neame	On	Jun	4,700	(4,070)	54.4	(46.3)	17.5
Wendler (Barry)	Eng	Jul	7,100	(8,550)	1.0	(10.7)	(8.7)
Wendler Group	CSC	Jul	30	(200 L)	0.6	(1)	(1)
Wolfsberg (Lynn)	HSL	Aug	63	(2,700 L)	0.5	(1)	(1)

Company	Sector	Half-year to	Pre-tax profit ('000)	Interest charges per share (¢)		
Abbeyport	Misc	Jun	345 L	(758)	1.2	(1.2)
Abbott Mead Vickers	Med	Jun	1,580	(1,540)	3.2	(3.2)
Ad & Liff	Prof	Jul	1,570	(1,970)	2.5	(2.5)
Boslin Gifford Tech	Infr	Aug	7.3	(-)	-	(-)
Bank of Scotland	Bank	Aug	117,800	(74,200)	1.87	(1.77)
Beauford	Eng	Jun	3,680	(2,670)	-	(-)
Beardon	N/A	Jun	249	(167)	-	(-)
Sibco	Group	Jun	5,990	(9,980)	5.67	(5.67)
Blackcl Mining	Mine	Jun	102	(108)	-	(-)
Black (A & C)	Med	Jun	244	(254)	4.25	(4.25)
BLP Group	Misc	Jun	194	(17)	-	(-)
Brown (David)	Eng	Jul	4,700	(52)	2.1	(-)
Camden House	N/A	May	53	(321)	-	(-)
Canfield	Offn	Jun	7,380	(2,960)	13.0	(12.0)
Campbell Int	Text	Jun	3,100 L	(1,030)	-	(3.25)
Capital & Regional	Prop	Jun	151	(37 L)	0.5	(0.3)
Capital Group	Offn	Jun	344 L	(-)	-	(-)
Clark White Conds	Text	Jul	141	(218 L)	-	(-)
Christie (Horton)	Tran	Jun	2,000	(1,700)	0.75	(0.5)
Croon (James)	N/A	Jun	7,680	(7,780)	5.635	(7.685)
Dirextek	Chem	Jun	725	(678)	1.8	(1.6)
Elbow	N/A	Jun	70 L	(89)	-	(-)
Ena	Sis	Aug	2,416	(1,500)	1.75	(1.68)
Europa Minerals	Mine	Jul	682	(513 L)	-	(-)
Falckair	C&C	Jun	1,550 L	(3,380 L)	-	(-)
Fine Decor	N/A	Jul	1,330	(977)	-	(-)
Grampian Holdings	Offn	Jul	2,500	(10,800)	1.7	(1.7)
Hewson	Text	Jun	975	(812)	0.85	(0.85)
Hewson Stuart	C&C	Jul	9,100	(3,700)	0.9	(0.875)
Higgs & Hill	C&C	Jun	525	(673)	1.0	(1.0)
Hughes (TJ)	Sar	Jul	119	(143)	0.75	(0.75)
Imperial Chemical	Indus	Jul	363 L	(1)	1.0	(2.0)
James Group	N/A	Jun	1,180	(5,230 L)	-	(-)
Jays Law Trust	Infr	Feb	5274	(22,57)	2.9	(2.8)
Lamont Holdings	Text	Jun	4,050	(2,180)	3.5	(3.5)
Lambert & Associated	Prop	Jun	713	(640)	0.05	(0.05)
Meritis International	Text	Jun	270 L	(142)	0.4	(0.7)
Mitani	Infr	Aug	137.1	(95.9)	0.9	(0.9)
Pacific Sensing	N/A	Jun	39	(67)	-	(-)
QS Holdings	Sis	Jul	1,880	(3,800)	1.56	(1.56)
NEBR	Eng	Jun	354	(198)	-	(2.0)
Quint	Sis	Aug	265	(430 L)	-	(1.7)
Scottish TV	Med	Jun	3130	(2,183)	2.183	(2.183)
Solight Holdings	Med	Jul	5,200	(4,100)	2.75	(2.25)
Singapore Para Rubber	N/A	Jun	215	(121)	-	(-)
Time Products	B&R	Jul	5,380	(3,300)	3.0	(2.75)
Walter Griesbach	Med	Jun	1,500	(1,680)	1.2	(1.2)
Waterhouse Group	B&R	Mar	51 L	(-)	-	(-)

Clark (Matthew) is to raise £30m via a 3 for 5 at 375p rights issue.
Wescol Group is to raise £2.94m via a 4 for 3 at 150p rights issue.

Abstract is to raise £30m via an offer of shares at 100p.
Bibby (J) is to raise £75m via an offer for sale.
Kelt Energy is to raise £5m via an offer of shares at 40p.
Parkdean Leisure is to raise £7.6m via a placing of 6.85m shares at 120p

Company	Sect	Annucnt date	Dividend (p)		
			Last year		This year
			Int.	Final	Int.
FINANCIAL INSTITUTIONS					
Altabooks	Misc	Wednesday			
Easton Furniture	Stor		1.25	3.25	1.75
Emcor Dual Inv Trust	Int'l	Tuesday	1.75	1.5	1.5
Foodland Group	Med	Tuesday	1.86		
Highland Utilities	S&D	Wednesday		0.5	
Hong Kong Inv Trust	Int'l	Monday	1.46	4.55	1.0
Index Industries	Mfrs	Monday		1.0	0.75
Mandarin (Adv)	Stor	Monday	2.1	4.9	2.1
Perspac AB	Chng	Thursday	2.3	2.85	2.3
Sinclair (Willam) Holdings	Misc	Tuesday			
St Ives	PP&P	Tuesday	1.7	5.5	1.7
Toy Nomex	C&C	Tuesday	1.5	3.75	1.0
Town Centre Securities	Prop	Tuesday	1.2	4.86	1.2
Whitbread (AB)	Stor	Monday	2.1	1.1	1.1
WINNING JOINTS	S&D	Thursday			1.0

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**THE CHILD
MANAGEMENT**

FIVE ARROWS ASIA FUND

FINANCE AND THE FAMILY

Unit trusts / Scheherazade Daneshkhu

Capability by name – and nature

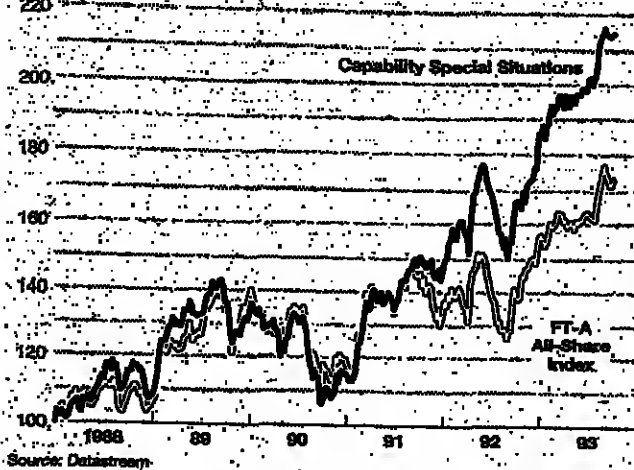
SINCE Capel Cure Myers launched its special situations fund in 1971, it has had a variety of identities, although retaining the same basic philosophy. Known first as Alben, then Vanguard, it now goes under the catchy name of Capability Special Situations.

Kenneth Levy, the manager since 1977 and head of fund management at CCM, sums up a special situations stock as one which could be expected to show above-average capital appreciation. "I try to buy winners and sell losers," he says. "That sounds easy but, to do it, I look at the fundamentals of a company. I'll buy if the profit upgrades are good and if there is a 'good news' flow. If all that is in place and the shares are underperforming, I usually won't buy because, seven times out of 10, the market knows more than you."

Levy is a believer in market momentum when the price of a share in which he has invested is moving as well as, or better, than its sector. Adopting the market momentum, by refraining from going against the market, is also designed to protect the fund from losing money. "If there are profit downgrades, and a bad news

Capability Special Situations

Unit price and index rebased



flow, I'll cut my holding. That way, you don't get caught in a Polly Peck."

The strategy certainly seems to be working. The fund is top of the UK growth sector in the 10 years to October 1. Over five years, it is 21st out of 118 and sixth out of 137 in the three years to October 1 (offer-to-bid with income re-invested, according to *Microcap*).

Despite the strong performance, the fund, with £33m assets under management, is

relatively small. Levy says it has never been marketed aggressively and has been used mainly as an in-house broker fund.

He explains that the skill of his job is "as much about reducing poor performance as it is about getting a particular stock right." He is only too aware that he is trying to protect investors' money as well as to make it grow; thus, he is risk-averse in a recession by switching out of the medium

size and smaller companies, which make up the bulk of the fund in more buoyant times, to the relative safety of blue chip companies.

Until a year ago, 70-80 per cent of the fund was invested in FT-SE 100 stocks, with cash holdings of up to 10 per cent and some gilts. "As we've been moving from recession to expansion, I've shifted the composition of the fund so that it is now only 33 per cent invested in FT-SE 100 companies and two-thirds in FT-SE 250 companies," Levy says.

He has been selling or reducing holdings in Bowater, the packaging, printing and coated products group; and Weir Group, the engineering company, after profit downgrades. Instead, at a time when interest rates have been falling and are expected to drop further, he has been building up holdings in those stocks which are sensitive to interest rate movements. These include financial and insurance company stocks.

The largest holdings are in General Electric, which accounts for about 3 per cent of the fund; National Westminster bank; Provident Financial, the consumer credit and insurance company; Smith New Court, the securities house; and insurance companies such

as General Accident, GRE, Royal Insurance and Prudential.

His favourites among the medium size companies include James Halstead, the floor-covering group which this week reported a doubling of pre-tax profits in the year to June 30; Stagecoach, the Perth-based regional bus service operator; and FKI, the electrical engineering group which demerged from Babcock International and announced a large US acquisition last week. There about 55 stocks altogether in the fund.

Surely the belief in market momentum should favour tracker funds, which aim to follow the market, at the expense of managed funds? "No," says Levy, "because if you apply the fundamentals, you'll get successful outperformance over time since you are more likely than not to know those sectors which can be pitfalls."

Charges. The initial charge is 5 per cent and the bid-offer spread is about 6 per cent. The annual management fee is 1 per cent and the minimum investment is £500. There is a 10p attached to the fund at no extra cost but there is no savings scheme at present, although this is under review.

Bonds / Michael Dyson

LAST MONTH, we drew attention to the fact that direct holdings of bonds provide investors with a fixed income, tax efficiency and, in many cases, a known future value for their capital. Here, we offer examples of how this diverse market can answer some less common requirements.

■ **A tax-exempt investor wants a high gross income.**

Eurosterling bonds pay interest gross to non-UK residents but tax will be deducted from payments to UK residents. There are, however, a number of domestic bonds that pay interest gross to all investors (such income should be declared and could make you liable to income tax).

These bonds are from two sectors: namely, international

Supernational bulldogs (domestic sterling bonds for non-UK borrowers issued by multi-government agencies such as the World Bank), are a useful option to gilts and should be compared with gilts bought through the post office register. Alternatively, significantly higher yields than gilts (albeit with higher risk) are possible by buying bonds from housing associations.

For example, the Housing Finance Corporation 8.625 per cent 2025 at a price of 101.25 offers yields of 8.33 per cent income and 8.51 per cent gross redemption yield. These compare with the nearest comparable gilt at 7.51 per cent income and 7.27 per cent GRY.

■ **A tax-exempt investor wants to buy a bond that bears no income but increases the capital significantly.**

The tax treatment of zero coupon bonds is complicated and net investors often concentrate instead on the zero dividend preference share market. Consequently, zero coupon bonds are available at high gross yields.

One such bond is the Exeter Preferred Capital Zero Coupon Debenture 2002. It is secured on a portfolio of split capital investment trusts, and investors who buy bonds at 51.5 can look forward to repayment at 100 at January 31 2002 – a yield of 8.16 per cent.

■ **Michael Dyson is director of Barclays de Zoete Wedd Capital Markets Ltd.**

Please note that BZW Capital Markets is a market-maker and cannot deal with private clients direct, so those interested in buying bonds should approach a broker.

Sterling bonds for private investors

Issuer	Coupon %	Price	Red'n Date	Red'n Price	GRY %	Inc Yld	Interest Dates	MRY 25%	Net Inc 25%
High Income									
British Building Soc Pts	13.00	126.75	Indefinite	n/a	n/a	9.50	31/1 31/7	9.0	7.13
Barclays Bank Pts	9.00	102.38	Call 11/10/2003	100.00	8.50	8.70	11/10	6.46	6.50
European Inv Bk Building	10.38	123.63	22/11/2004	100.00	7.24	8.30	22/5 22/11	4.86	6.29
Wellcome Income and Capital	8.00	101.59	31/10/2003	100.00	7.87	7.80	30/4 31/10	5.95	5.91
Barclays Inv Trs Debenture	8.63	101.25	13/12/2003	100.00	8.51	8.52	13/5 13/11	6.37	6.38
Zero Coupon Bond									
Exeter Preferred Capital Debenture	0.00	51.5	31/1/2002	100.00	8.16	n/a	n/a	8.16	n/a
Zero dividend preference shares									
Yorkson Zps	8.00	100.75	31/12/1998	202.70	7.51	n/a	n/a	6.88*	n/a
M&G Inc Zps	0.00	53.75	31/1/2001	102.48	7.72	n/a	n/a	7.08*	n/a
Johnson Fry Utilities Zps	0.00	111.25	31/7/2003	229.00	7.53	n/a	n/a	6.94*	n/a
Index Linked Debenture									
Swire River Index Link Debenture	6.00	121.50	30/6/2012	255.00*	4.53*	5.18*	30/6 31/12	3.18*	3.88*

*Assumes interest at 5 per cent

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Gartmore
CAPITAL MANAGEMENT

*The fund referred to is a unit trust that is currently available to UK investors only. †Source: Gartmore. Basis: offer to offer, gross income reinvested US\$, 3.10.88 to 1.10.93. Investors should remember that the capital value and the income from their investment may fluctuate and that changes in rates of exchange between currencies may have a separate effect also causing the value of the portfolio to decrease or to increase. Consequently, investors may not get back the amount they originally invested. Past performance is not a guarantee of future rewards. Issued and approved by Gartmore Capital Management Limited, a member of IMRO and registered with the Securities and Exchange Commission.

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FINANCIAL TIMES WEEKEND OCTOBER 9/OCTOBER 10 1993

WEEKEND FT VII

ON OCTOBER 17th YOU CAN REALLY HELP BRITAIN'S HOMELESS & HUNGRY

GARFUNKEL'S



MOUNT CHARLOTTE THISTLE HOTELS

HILTON

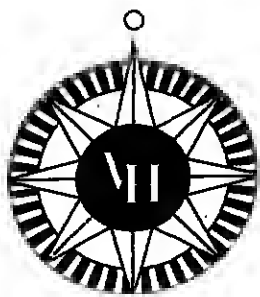
**HILTON
NATIONAL**



Wentworth

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FORTE



**VOYAGER
HOTELS & VENUES**

A Virgin COMPANY

Jarvis Hotels

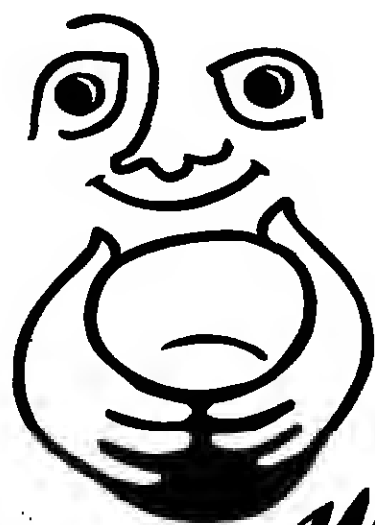
Next Sunday evening, thousands of Britain's Hotels, restaurants and pubs will be hosting the biggest party in the world. It's for the homeless and hungry. And you're invited. Just turn up at any one of the participating establishments, enjoy a pub drink or restaurant meal, and as much as half of what you spend will be passed on to Dine-a-Mite, a unique charity set up by Britain's hotel and catering industry.

Dine-a-Mite aims to help Britain's homeless and hungry by raising money for The British Red Cross, Age Concern, The Salvation Army, The Hotel and Catering Benevolent Association and a host of smaller local charities. All the money will be spent in the UK.

BY DINING OUT WITH US

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FINANCE AND THE FAMILY

The Speculator / Scheherazade Daneshkhu

Taking risks on futures

WHEN actor Eddie Murphy stepped into a futures dealing pit to become a millionaire in the film *Trading Places*, he seemed to be at the sharp end of a modern and sophisticated financial instrument. In fact, the first futures contracts are said to have been sold by Japanese rice farmers in the 16th century. The first organised futures fund was established in the US, and it is there that the market is most developed.

A futures contract is an agreement to buy or sell a fixed quantity of a certain commodity, currency or security for delivery at a specified date at a fixed price. The system was devised to protect farmers against volatility in commodity prices.

The farmer would agree to sell a proportion of his crop at a fixed price on a fixed date. The consumer also wanted to know the price he would have to pay once the crop was harvested so it was in his interests, too, to fix a price.

The futures market could also be used to hedge risk. Everyone is familiar with the concept of hedging against inflation by investing in equities or bonds to protect capital against a rise in inflation. Liquidity in futures markets is provided by speculators who, in order to try to make a profit, are willing to take on the risk

of those who are hedging. One reason speculators are attracted to futures is that they need to provide only a fraction of the money needed to buy the contract.

Say a speculator pledges to buy coffee at \$50 a ton in six months, he may only need to put up only \$5 initially. If the price of coffee doubles during that period, he can sell the contract before delivery for \$100 and get the full benefit of the rise. So, he will have made \$50 for an outlay of only \$5.

Although the price of the contract has only doubled, he has profited from a tenfold increase. This process is known as margin trading and has earned futures its reputation for risk because, if the

price had moved against him, he could have lost many times his original stake.

Futures contracts today are often for hundreds of thousands of dollars or pounds but private investors can enter the market for considerably less through a futures fund. The minimum investment will usually be around \$5,000-10,000. A fund invests in a range of futures - mostly financial which, in the UK, are traded on the London International Financial Futures Exchange.

Given the risk, why should anyone want to invest in futures? Despite their volatile image, futures funds can be used to lessen risk because some futures do not necessarily move in line with other markets.

"Futures tend to show low correlation with equity and bond markets," says Nicola Meaden, managing director of TASS, a London-based information and research house which has developed an index to monitor the performance of funds. "They can, therefore, be used to reduce risk by increasing diversity in a portfolio."

Peter Swete, chairman of Sabre Fund managers - a UK-based futures manager which is 25 per cent owned by Henderson - adds: "People buy us as they would an emerging markets fund or property. We can also provide high leverage and high risk if that is what the investor wants."

In order to meet investors' anxieties over risk, the market has tried to expand by constructing "guaranteed" futures funds. These promise to return capital at the end of a specified period (usually five years) while holding out the prospect for profits during that period.

Most non-US futures funds are based offshore. It was not until 1991 that the Securities and Investments Board, the chief regulator for the financial services industry in the UK, allowed unit trusts to invest in futures and options. The SIB authorised two types of fund: leveraged futures and options funds (Fofos). Guaranteed funds are not yet permitted onshore.

Next week: the different types of futures funds.

Directors' transactions

THE MARKET has inched its way up again and some directors have been tempted to take profits. Michael Slade, managing director of property group Helical Bar, sold 245,000 ordinary shares at 250p and a further 260,000 of the convertible preference at 81p. Helical Bar has been beset by a high level of debt, but substantial sales have been made and borrowing reduced. The market has already begun to discount this, with the shares outperforming by at least 250 per cent over the past 12 months.

William Adsetts, chairman of Sheffield Insulations, and his managing director, William Forrester, have sold a significant lump of shares. Adsetts disposed of 1.15m at 230p, which leaves him with a holding of over 4m. Forrester, on the other hand, exercised an option on 50,000 and sold the lot, again at 230p.

This building materials group has shown a big increase in profitability. Recent interim results showed earnings doubled at 5.5p. Improved profitability was largely discounted by the shares, which have outperformed during the year.

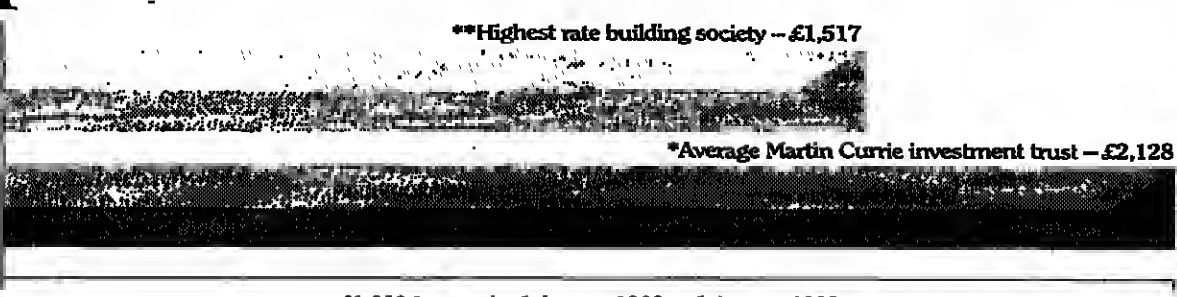
Charles Greigson, director of money broking group MAI, has sold 175,000 shares at 228p.

Colin Rogers, The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & US\$)				
Company	Sector	Shares	Value	No of directors
SALES				
BICC	Elec	43,291	188	2
Bluebird Toys	Misc	60,500	298	2
Bodycote	Cong	250,000	700	2
British Gas	Oil	90,429	295	1
Capital Industries	Oil	42,124	323	1
Burnish Castrol	PP&P	100,000	190	1
Claythins (CULS)	EngG	100,000	92	1
Fired Earth Tiles	Stor	30,000	18	1
Frogmore Estates	Prop	50,000	244	1
Hanson	Cong	20,000	51	1
Helical Bar ConvPrt	Prop	505,578	850	1
ICI Steam Packet	Tran	5,000	10	1
Legal & General	InsL	70,000	339	1
MAI	OffH	175,000	400	1
Reckitt & Coleman	Hlth	4,000	25	1
RTZ	Mine	50,780	357	1
Seers	Stor	245,000	274	2
Sheffield Insuln	Edlms	1,200,000	2,760	2
Shoville Group	FdPs	50,000	89	1
Tickelling Group	H&L	40,000,000	800	1
Trinity Int	Med	40,940	158	2
Weir Group	EngG	100,000	303	1
PURCHASES				
Banks (Sichney)	FdM	5,000	11	1
Barr & Wallace Arnold	H&L	5,000	26	2
Bostron	Motr	800	13	2
Cresta Care	H&H	250,000	90	1
Crown Eyeglass	USA	12,000	17	3
Drammond Group	Text	35,940	35	1
Gibbs Mow	Brew	55,000	181	1
Global Group	Oil	100,000	15	1
Invesco	OffH	25,000	45	1
JIB	InsB	6,887	12	2
OMI International	OffH	41,545	13	2
Radlux	Edlms	250,000	85	1
TLS Plange	Motr	50,000	14	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options, if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 27 Sept - 1st Oct 1993. Source: Directors Ltd, The Inside Track, Edinburgh

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FINANCE AND THE FAMILY

Diary of a Private Investor

Why directors bear watching

Kevin Goldstein-Jackson explains the importance of a company's board

THE BOARD meetings used to start at 8 pm and sometimes went on until almost midnight. The managing director did not believe in capital expenditure. He did not understand the need for the latest machinery: he thought efficiency meant counting the paper clips and sacking staff.

There was no way I could reach the main board. My division was propping up the rest of the company - but the boardroom was reserved for friends and relatives of the chairman.

MORE THAN a decade ago, I heard comments like these when I was interviewing applicants for the positions of company secretary and financial director of a public quoted company of which I was the founder. It occurred to me then that the business with the greatest ability to acquire insider information was not banking or stockbroking but executive recruitment.

Many applicants for a highly-paid position will tell their prospective employer almost anything he wants to know: it will not all be sour grapes and moans. Some people explained to me how their employer was proposing to launch a new product, or had plans to expand by takeover into new areas of activity.

I even heard boasts about how "wizards" were devised to keep a certain amount of debt off the balance sheet of their companies, and how auditors had been persuaded to agree that stocks should be valued at rather more than they were really

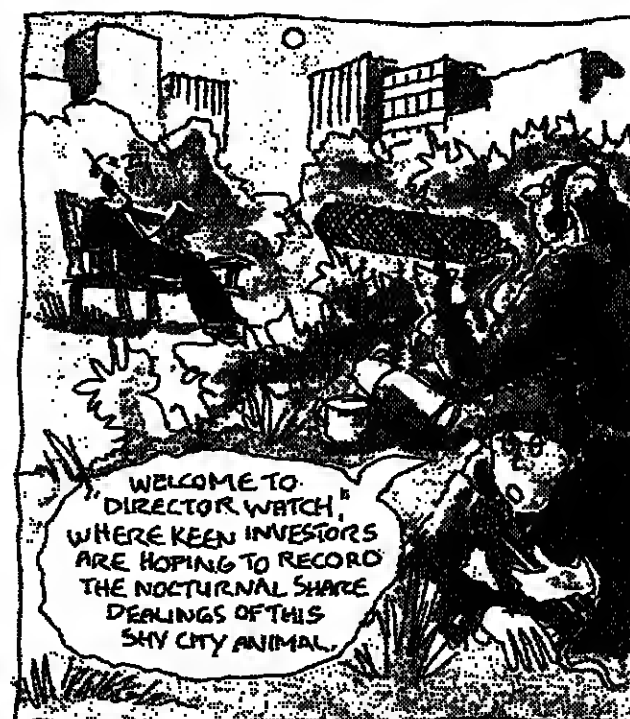
worth. (But I hasten to add that the successful applicants for the positions in my company did not reveal anything untoward about their previous employers).

I learnt a lot about human nature and the interaction between various members of company boards. I did not act on any of the inside information - except to steer clear of investing in any of the companies about which I heard believable "horror" tales. But it impressed upon me the importance of a company's board.

Before investing in a company, I always try to find out something about its directors. Bitter experience has shown that following the "great and the good" is no way to investment success. Just because there is a lord on the board does not necessarily mean the company will do well. Perhaps the "names" are there as window dressing to distract attention from some of the things going on behind the scenes - or to impress gullible bankers into granting the company yet more loans. The same is true for boards stuffed with accountants: their companies may well produce a lacklustre performance, and some have even gone into receivership.

I am a regular reader of the "People" column in the FT. It surprises me how easy it appears to be for some finance directors of poorly-performing companies to move to similar positions elsewhere. But managing directors of ailing companies rarely seem to do this - they seem to be saddled with the entire blame for their company's performance. Yet,

surely the finance directors are partly to blame, too? Sometimes, these moves can be a signal to buy or sell shares. If the finance director is leaving out, does this indicate that a company's financial situation might deteriorate still further? Or will it be refreshed by new blood? What influence might such a finance director have on his new employer? Should the shares be treated with more caution? There are times when the appointment of new directors can point to an otherwise unexpected direction for the company. Perhaps the director



has been recruited with expertise in a specific area of activity in which the company is not yet involved. Is this a prelude to the company making a takeover bid in that area? If so, it might be worth investigating possible hidden targets to assess their investment potential.

What is the track record of the director being appointed? Is he likely to improve the performance of the company - or is he there mainly to make it more likely that the company's remuneration committee approves a huge salary for the chief executive? I am against non-executive

chairmen receiving large salaries, particularly if they have various other commitments and devote only one or two days a month to the company. One unjustifiably large salary invariably leads to other people being overpaid.

Before investing in the company, I also look at its annual report to see how many of the directors have shares in it. I like to see even the non-executives having a modest holding, especially if these are shares which were acquired on similar terms to ordinary shareholders and not as a result of over-generous option schemes.

Share dealings by directors also interest me. I am particularly concerned when they sell large parts of their holdings in a company: do they fear it is about to hit hard times?

The BRI Director Dealings unit trust, launched on October 1, specialises in monitoring share dealings by directors of public companies. Most firms of stockbrokers and other financial advisers have details of this trust, which is being marketed mainly via financial intermediaries. Its list of major shareholdings could eventually become a very useful check on companies in which directors have affirmed their faith by backing them with their own money.

LLOYD'S of London is cutting its premium rates for life insurance by up to 14 per cent, to help it compete with other life insurers. The largest reductions are in Keyman cover, where companies insure top employees or directors to protect against financial loss if they die. The average reduction for standard life premiums is 5 per cent.

The nine syndicates which make up Lloyd's life insurance market offer only term insurance, rather than the whole of life policies also offered by other insurance companies. The maximum term is 10 years, but individuals can be insured for as short a period as one day.

Rates cut at Lloyd's

Lloyd's has specialised traditionally in arranging flexible cover for unusual risks which most insurers would not consider. Anyone planning to join a relief convoy to Bosnia next week would not be welcomed by most of the big-name life insurance companies, but Lloyd's is used to accepting that kind of risk - although standard premiums would, of course, be raised.

The short-term cover can also be useful if the increased

risk is for a limited period: say, a three-week trip to a war zone or a day's parachuting for charity. Cover can be arranged through traditional Lloyd's brokers or through other insurance brokers or financial intermediaries.

As an example of the reduced rates, a non-smoking man aged 45 next birthday, and wanting a sum assured of £250,000 over five years, would pay an annual premium of £562.50 rather than the previous £642.50.

Women are now rated as if they were five years younger than men, rather than four as previously.

Bethan Hutton

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Birmingham BS	Capital Trust	0638 381741	Postal	£2,000	6.70% Yr
Birmingham Midshires BS	First Class	0902 645700	Postal	£10,000	6.85% Yr
Bristol & West BS	Balmoral	0800 100117	Postal	£25,000	7.15% Yr
NOTICE A/cs and BONDS					
Northern Rock BS	Ninety Day	091 285 7191	90 Day	£5,000	6.75% A
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£10,000	7.25% Yr
Scarborough BS	Scarb'gh Ninety 3	0723 386155	90 Day	£25,000	7.65% Yr
Chelsea BS	Base Rate Plus	0800 272535	2.1.95	£5,000	8.00% A
MONTHLY INTEREST					
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.94% Mly
Birmingham BS	Capital Trust	0638 381741	Postal	£5,000	6.45% Mly
Birmingham Midshires BS	Balmoral Monthly	0800 100117	30 day	£25,000	7.55% Mly
Bristol & West BS	Base Rate Plus	0800 272535	2.1.95	£5,000	7.75% A
TESSAs (Tax Free)					
Hickley & Rugby BS		0455 251234	5 Year	£25	8.05% Yr
Dunelmire BS		0383 721621	5 Year	£3,000	8.00% Yr
National Counties BS		0372 737072	5 Year	£3,000	7.80% Yr
Dudley BS		0384 231414	5 Year	£10	7.87% Yr
HIGH INTEREST CHEQUE A/cs (Gross)					
Cheltenham Bank	HICA	031 555 8235	Instant	£1	5.30% Yr
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	5.65% Yr
	Current	0800 581500	Instant	£25,000	6.85% Yr
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guernsey BS	Woolwich Intl	0481 716755	Instant	£500	6.25% Yr
Confederation Bank Jersey	Flexible Interest	0824 65432	90 Day	£10,000	7.50% Yr
Derbyshire (JOM) Ltd	30 Day Notice	0824 65432	30 Day	£5,000	7.50% Yr
Yorkshire Guernsey Ltd	Key Term	0481 710150	31.8.94	£5,000	8.70% A
GUARANTEED INCOME BONDS (Net)					
Prosperity Life FN		0800 521546	1 Year	£15,000	4.70% Yr
Prosperity Life FN		0800 521546	2 Year	£25,000	5.20% Yr
Prosperity Life FN		0800 521546	3 Year	£25,000	5.70% Yr
Consolidated Life FN		081 940 8343	4 Year	£2,000	6.00% Yr
Consolidated Life FN		081 940 8343	5 Year	£2,000	6.00% Yr
NATIONAL SAVINGS A/cs & BONDS (Gross)					
Investment A/C			1 Month	£20	6.25% A
Income Bonds			3 Month	£2,000	7.00% A
Capital Bonds G			5 Year	£100	7.75% A
First Option Bond			12 Month	£1,000	6.34% A
NAT SAVINGS CERTIFICATES (Tax Free)					
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8th Index Linked			5 Year	£100	8.25% A
Children's Bond E			5 Year	£25	7.85% A

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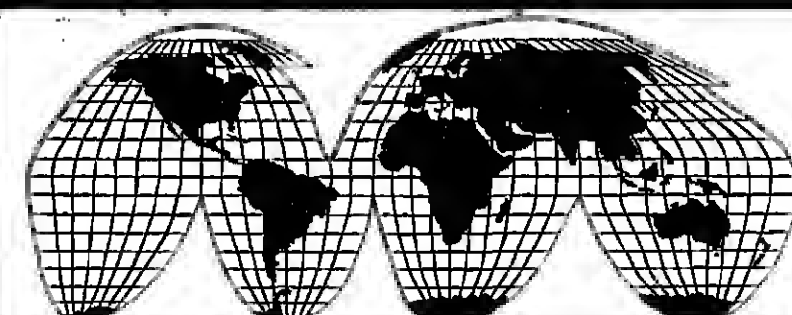
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MINDING YOUR OWN BUSINESS

Computing
Software to
ask hard
questions

A FRIEND called to see me the other week. He was down at heart. He was thinking of quitting his business - a business he had put a lot of work into over the last eight years.

His problem, the same one which faces many businesses during the recession, was a fall-off in sales and more recently, in spite of a great deal of effort on his part, even inquiries for his products were slowing down.

A new piece of business software called *Business Insight* had been delivered to me earlier that week and I needed to try it out with real data. Would my friend act as a guinea-pig? He agreed and we sat down together to run through the program.

Business Insight is a software package that has been available in the US for a year or so. The new Windows version has just found a distributor in the UK. It is a system for the strategic analysis of both manufacturing and service industries.

My friend's background is in sales and marketing. He was familiar with many of the ideas behind the questions. He had come across them over the years at various seminars and had read about them in the books of business gurus such as Drucker, Peters and Porter. But he never asked those questions of his own business. Even if they were answered how could he interpret them: how could he rate the importance of each point?

As we ploughed through the question and answer routine, he saw where some of the questions were leading.

The program is not one you can complete in a few minutes. If you include time spent thinking about the answers the process of im-

ting the data takes several hours.

It requires answers to questions about the abilities of all those involved with your business from the financial director to the receptionist answering the customer service inquiries. It needs details of your competitors, their financial position and how likely they are to retaliate to your marketing efforts.

The result of all the data is a report developed after the pro-

Robin Brooker
looks at a
problem-solving
package

gram has carried out the analysis. It program assesses the data and produces a report. This contains more than 70 pages of valuable information in plain English.

How is my friend doing now?

His greatest attribute is that he does not sit around waiting for something to happen. He read the report over that weekend and immediately instigated some of its recommendations. Only four weeks later he has several inquiries about his machines. He is demonstrating them to his potential customers this coming week.

We cannot be sure that my friend's upturn is a result of using the program - but it seems a little more than mere coincidence.

Business Insight costs £399 plus VAT and carriage from CABC, PO Box 162, Newbury, Berkshire RG15 0AP. Telephone: 0635-253300 Fax: 0635-255148



A man and his tiger: Paul Draper in his taxidermy showroom in his house in Reading

Trophies of a dying art

Clive Fewins meets a taxidermist who keeps his stock in the freezers of his friends

PAUL Draper will never forget the day he collected the carcass of an 8 cwt two-year-old male tiger from the owners of a large circus. He had ample help to lead the body on to his pick-up truck at the circus headquarters, but when he arrived back at his workshop he had great problems finding people to help with the unloading.

The process that followed was rapid and rather unsavoury, but the beast now has a new role - mounted in a glass cabinet in the showroom at his home near Reading where he displays his taxidermy. The price is £3,000. As he paid only £250 for the carcass some people might consider taxidermy a lucrative business. But Draper points out that it is two years since he bought the tiger and it is still unsold. Further, about 100 hours of work went into mounting it and the glass case alone cost some £500.

The tiger, together with a panther at £3,500, exotic birds, an anteater, a sloth's head, as well as the more common foxes, badgers, stoats and the odd kestrel and buzzard, forms the basis of the bizarre stock of mounted creatures in Draper's showroom.

The stock is valued at £25,000 and is the main reason for the £1,500 a year insurance bill that is the principal outgoing of Draper's one-man business. Keeping a stock valued at £25,000 when the total turnover is unlikely to exceed £30,000 this year might not, on the face of it, seem a good basis for business. But that is not the whole story.

In a dozen freezers in the garages of friends in and around Reading, Draper keeps some 150 or so other dead animals and animal skins. Any of them can be converted into fully mounted animals within a few weeks, and it is his ability to respond to demand in this way that is the mainstay of Animal Instincts.

Draper has built up this macabre collection in the 10 years he has been a taxidermist. Over that time he has learned which animals sell and which are best left on ice until a specific request comes up.

"The reason for my large stock of mounted animals is that I need it as the basis of shows and as a permanent exhibit in my home to show people the quality of my work," said Draper, 37. "Two years ago when I gave up the shop in Reading that I had run for eight years I was carrying a stock of mounted animals worth £40,000."

"I managed to reduce that by selling off stock worth £30,000 to a film hire company, but it has gradually built up again."

A high street premises played a vital role in building up the business. Over the years the sales often barely covered the £10,000 a year rent. But the exercise was still worthwhile as Draper, who is a goldsmith by trade, also used the premises as the headquarters of the jewellery repair service he was operating as a parallel enterprise.

"I very much doubt if I would be as prosperous as I am now if I had not run the shop for eight years," Draper said.

In the same way he has had a stand at the annual Newbury show for the past five years, but it was only this September's event that made a good profit - £1,600 worth of sales over the two days, and lots of follow-up callers to his showroom. Two years ago he gave up the shop and sold the jewellery repair business. He invested the proceeds of the sale in converting the roof space of his Edwardian house into a showroom.

"It was a wise move," Draper said. "I am in an excellent position here, two minutes from junction 11 of the M4 and on the edge of the countryside. People are happy to drive here to view the stock. It saves me an awful lot of driving."

"Although it was necessary for a few years the shop was a treadmill. At times the rent was approaching half my turnover and there was constant pressure to sell at any price just to make money to pay the bills. I was working all hours, whereas nowadays I can choose. If there is a rush on I do not mind working until one or two in the morning, but if I choose not to and to earn less, I can do so."

Experience has made Draper far more choosy over the animals he goes out to collect. "I am contracted to collect everything from the zoos and avi-

aries with which I have an arrangement. But nowadays I go out less frequently to collect animals offered to me by individuals," he said. "Overall only 20 to 30 per cent of all the carcasses I collect are usable. The rest have to be disposed of in a farm incinerator."

Draper said none of his specimens are killed for the purposes of taxidermy, though many of the carcasses that come to him have been killed for sport, while others such as foxes, stoats and weasels have been killed for vermin control. But who nowadays wants to buy stuffed animals?

"If they are really keen people rarely stick to one animal but generally try to build up small collections. Like me they tend to be people who are interested in animals and appreciate them for their beauty," Draper said. "There is also an ever-increasing market from the theatre, film studios, photographic and advertising agencies and the hire business."

"If I wanted to make a lot more money I would concentrate on that side of the business and also on making models and mock-ups. There is a high demand for these, but I find that sort of work less satisfying. The customers are generally less interested in quality than price. That sort of work gets away from the art of taxidermy, which is what I really enjoy - plus the beauty of the end product."

"It is however - literally - a dying trade. This is because there is more and more control of the keeping of live animals, and on what you are allowed to do with them when they die."

"Because demand is steadily dropping and the work is so labour-intensive I never expect to be rich. But I reckon I make 60 per cent profit on turnover, and some aspects of the business, like repair work, which I enjoy, can be very profitable."

"If I were hell-bent on expend-

ing fast the easy way I would be tempted to buy carcasses that had been killed illegally. But I am absolutely against this. Besides, I do not think there is a lot of money in it."

"For similar reasons I rarely pay for carcasses. It might encourage people to go out and kill deliberately in order to sell to me," Draper says another reason why taxidermy is on the decline is that there is virtually no formal training.

"Most museum departments have closed down and I do not know of any technical colleges offering courses in taxidermy," he said. "Nearly all practitioners, like me, work on their own. Colleagues fear, as I do, that with so little training available standards will gradually get more and more amateurish."

"When people see animals mounted as though they have got coathangers stuck up their backs they will gradually cease to collect."

"Sadly, taxidermists are themselves becoming an endangered species."

Animal Instincts, 30, Hollow Lane, Shinfield, Reading RG4 9HT. 0734-883660.

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Japan reinvents soccer

Continued from page 1

capacity of more than 40,000 if Japan is to host the 2002 World Cup. Liner for one expects that year's World Cup final will be played in Tokyo.

The patient long-termism of Japanese companies will be crucial. With the heavy investment involved, it will take at least five years for the 120 companies backing the league to start making a profit.

Less certain is the commitment of Japan's new-found fans, the game's main asset. The risk is that the younger sisters of all the teenage girls going wild about Verdy will in years to come desert soccer for other crazes.

The J-League's organisers claim to have age on their side. The Ministry of Education has

been promoting soccer in elementary schools for 20 years so most young Japanese - male and female - have played soccer at some point in their youth, only to give up the sport for lack of a developed adult game. The J-League is designed to provide them with a focus for an adult interest in soccer.

Japan's strategy is all part of its internationalisation. Sumo reinforces its sporting isolation, while baseball is a reflection of its special relationship with the US. Soccer is a way of Japan announcing it wants to be part of a wider international sporting community, just as its desire for a permanent seat on the United Nations' security council symbolises its wish to play a wider role in international politics.

Those wider political responsibilities will bring risks that Japan is ill-prepared to shoulder, putting its troops in places where they could be killed, for one. Japan's international soccer ambitions could also create confrontations for which it is not ready.

When the day comes, later this decade, for England to play Japan in Tokyo, what will the adolescent Japanese choir make of it when its polite chorus of "Nippon, Nippon" is met by a rousing English war cry from the throats of thousands of fans bred in Chelsea's Shed, Arsenal's North Bank and Millwall's Den?

Britain should once again be ready to learn from Japan. Not about making cars or video recorders but, this time, about soccer and its culture.

The Financial Times plans to publish a Survey on

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FASHION

Big girls really can have more fun

Sally Bain reports on a new focus on the fuller figure

A NEW fashion shop will open on the high streets of towns and cities in the UK this month. Each store will be called Ann Harvey, with a smart cream and gold fascia and stylish window displays. Only closer inspection of the clothes and the swing tickets will reveal that the shop specialises in outsize - specifically sizes 16 to 26.

Ann Harvey has been born out of the Alexon Group and, over the next 12 months, aims to grow to be a 60-strong chain. It is a deliberate decision not to herald the fact that Ann Harvey is for larger women.

"We want to create a stigma-free shopping environment from day one," says Mike Spencer, marketing director. "We are a new fashion brand first and foremost, and, by the

smart, fashionable and middle priced. "Large women are women first and large second, they are no different to anyone else and they want more choice in fashion."

And there are a lot of them. For any fashion retailer addressing the larger woman, the most difficult problem to overcome is her frequent lack of confidence. Even now, when many are having the courage to take a symbolic axe to the bathroom scales (98 per cent of diets fail anyway), a great many continue to put their lives on hold, waiting for the day when they too will be thin.

Tessa Bosworth, buyer for the Plus Collections in Harrods, who is herself a large size, says the larger woman needs to be reassured and encouraged to try on the clothes, because often even expensive

the Evans name.

Janice Bhand, editor of Yes!, a new consumer magazine for large women, believes that Evans will never lose the old image unless the name is changed. She suggests that Profiles - a sub-brand within the store - would be a good substitute. Hennes takes a subtle approach with its larger sized range - Big Is Beautiful (BiB) - which was launched in the UK in spring last year. The department is not even listed on the store directory board at the entrance to the shops.

The BiB range is wonderful for casualwear, from jeans and leggings to chunky knitwear, separates and some soft suits. It is also very well made - which is just as well, as the prices are considerably higher than Hennes' main line: £59.95 for a jacket compared with an average of £39.95. Psychology also comes into it: size 16 is a small, 18 is medium, 20/22 large and 24/26 extra large.

For women who prefer to shop at home - or who cannot face the high street - there have, until recently, only been the traditional mail order catalogues offering a limited and hardly high-fashion selection. Now there is Elegance, an up-market mail-order catalogue from Germany which also has a shop in Grafton Street, London W1. The collection includes fabulous tailoring and quality casualwear, sizes start at 8 and go up to 22. The company is planning a fashion show in September with models of size 10 and size 20 to prove the clothes look equally good on both.

The visual presentation of large-sized clothes is a sensitive issue. Jacques Vert was criticised last year when it launched its Plus collection photographed on Rachel Hunter (Mrs Rod Stewart). Susie Orbach, author of *Fat is a Feminist Issue*, was quoted at the time as saying: "They are perpetrating the very aesthetic they are ostensibly fighting against - that there is only one form of beauty." Yet mail-order company GUS says it tried photographing its Fashion Extra catalogue on large models some years back, and sales plummeted: now the models are back to being size 12 and sales have risen. Catch 22?

Slowly, there is beginning to be more choice in fashion for large women, and for this one can probably thank the recession, as retailers look to tap every market in order to boost sales.

River Island is launching an XL collection. Wallis is introducing a size 18 (which will probably fit a size 20), and the Sears women's wear division - which encompasses Wallis, Warehouse, Richards and Miss Selfridge - is rumoured to be planning an outsize retail chain.

Information: Ann Harvey will open in 21 locations between October and November this year. These are: Birmingham, Bolton, Brighton, Bristol, Bromley, Canterbury, Cardiff, Chester, Crawley, Hemel Hempstead, Ilford, Leeds, Manchester, Meadowhall, Milton Keynes, Nottingham, Slaines, Thurrock, Tunbridge Wells, Watford and York.

The Theo Miles Plus collection will be available in Harrods and Self-



From Hennes' Big Is Beautiful collection - skirt, £24.99, blouse, £19.99 and cardigan, £39.99

Chic daywear from Theo Miles photographed on standard size model because the same clothes are available in standard sizes and all the way up to size 26. Leggings, £27, very often large ladies have marvellous legs and leggings are a surprisingly versatile staple sweater, £65, sweater slung round shoulder, £52

way, we cater for large sizes. With the fashion trend for fluid garments, there is no reason why size 12 and 14 women shouldn't shop with us as well."

Ann Harvey clothes are middle market and are aimed at the 25- to 50-year-olds, with a core target of 30- to 45-year-olds. The range is similar in styling and price to the fashion collections in stores such as Next, Principles or Wallis.

"The fabrics are good quality - silk jersey separates, silk and linen knitwear, Japanese polyester/viscose suits, moose and satin-backed crepe fit-and-flare dresses featuring abalone buttons. Evening wear is strong, ranging from a very short velvet number to a sophisticated tuxedo dress and a variety of chiffon separates.

"Quality of fabric and detailing is very important in this collection," says fashion director Lesley Thomson, "as so often quality is sacrificed for price, almost as if there were a stigma attached to being large." That there is a stigma at all is because society purveys the message that thin is good.

Audrey Winkler, editor of *Pretty Big* magazine, says she is impressed with the quality of the Ann Harvey range. There is a great need for something like a Next for larger women, she says: clothes that are

designs have little hanger appeal.

With that in mind the Plus department in Harrods in London has been extended and refurbished and this autumn will carry the new American Theo Miles Plus collection. Laura Pomerantz, executive vice-president, says that the Plus range is virtually identical to the Theo Miles standard size range (which will be stocked in department stores around the UK). But it is specially cut for the size 18 to 26 woman "who I find is more fashion driven than other customers, and has only been limited by selection. Just because she is fully figured doesn't mean that she doesn't want tailored jackets and trousers: they will look good on her in the right proportions and colours."

As far as confidence is concerned, a lot has to do with the name. Evans, up to now the only national retail chain catering for large sizes, jettisoned the "Outsize" part of its name more than ten years ago, replacing it with "Collection".

Yet Evans is still dogged by the ghost. The Evans range has much improved; there are ongoing shop refurbishments and image-enhancing advertisements have appeared in quality magazines. Yet some customers still insist on turning the carrier bags inside out rather than venturing on to the high street carrying

ridges in London from September. The standard size Theo Miles range will also be available in these stores as well as John Lewis, Dickins and Jones, Barkers of Kensington, Bentalls of Kingston, Dingles of Plymouth, Rackhams of Birmingham, McKilroys of Swindon, Hounstons of Ayr, Hanningtons in Brighton, Owen Owen in Ipswich, Coventry, Slough and Ilford, Lewis's of Leeds and Liverpool, Arnotts in Dublin, Beatties in Wolverhampton, Clements in Watford, Nasons in Canterbury, Bentalls in Bracknell and Thurrock. The Theo Miles Petite collection is available from David Morgan in Cardiff.

Elegance is available from the shop at 14a Grafton Street London W1 (off Bond Street) or by mail order catalogue: tel: 0272-244747 or fax: 0272-245929.

The Big Is Beautiful collection is available at the following Hennes stores: Oxford Circus, Regent Street, Marble Arch, High Street Kensington, the Whitgift Centre, Croydon. Further information on 071-323-2211.

Pretty Big magazine is available on subscription only. Telephone 0629 834949.

Harrods is happy to discuss by telephone the collections it has in stock with out-of-town customers, and will send garments by post. Call 071-730 1234 and ask for the Plus Collections department.



Also from Ann Harvey and also photographed on a size 16 model - Harrods red softly tied jacket (£59.99) and matching palazzo trousers (£39.99). Available in sizes 16 - 26



Glamour for evening photographed on a size 16 model - this autumn's essential white ruffle front blouse, £44.99, a black silk chiffon vest, £29.99 and black crepe palazzo trousers, £39.99. From Ann Harvey shops, available in sizes 16 - 26

A small degree of formality

Nigel Spivey checks out the sartorial students in the class of '93

STUDENTS IN the class of '93 are smarter than their predecessors. That is broadly the consensus from High Table, though it requires immediate qualification.

Senior dons can remember beyond the sartorially-disastrous 1960s to an age when the suit and tie were not hallmarks of the prig or the fogey but normal student uniform. Cambridge town had a rich weave of gentlemen's outfitters, whose very names evoked a certain style. One can readily imagine what sort of clothes would come out of a shop called Bodger's. But Bodger's is gone, and so too the concept of the "young gentleman". Elderly dons may bemoan the loss, but townsfolk tend not to regret the passing of all the associated snobbery.

Certainly today's undergraduates are better presented than they were in my time. Then it was not unusual for characters to slouch into a lecture-room wearing only a black plastic binliner (and a torn binliner at that). It was the eve of Margaret Thatcher's first election victory, and punk flourished in all its reckless plumage. A decade and a half of Conservatism has dampened the spirit of adventure, though some residual traces of punk survive. I have a soft spot for a tiny tribe called the Goths, who specialise in entirely black garments and cascades of pewter jewellery worn over shockingly pallid skin.

Then there is Grunge: a sort of gaudy drabness, if that makes sense, which is favoured by what little remains of the student activist

movement. It features clumpy, cushion-soled footwear, vaguely ethnic skirts and drapes, and beaded neo-hippy hairstyles. At its best Grunge seems like a glorious plundering of a dressing-up box; at its worst, the wearer looks the

sort who probably ought to be arrested on sight.

Categorisation of degree choices by external appearance is still possible. The Heavy Metal or Tolkien T-shirt worn over chronically-hunched shoulders invariably indicates

the male computer scientist. And the fragrant assemblage of boots, jodhpurs, hacking jacket and Florentine silk scarf can only belong to a female art historian.

However, the prevalent style is easily described by those dons who have visited American Ivy League universities: "Preppy", a generally sporty look which simply requires loafers or deck-shoes at the base, designer jeans in the middle, and something loose fitting on top.

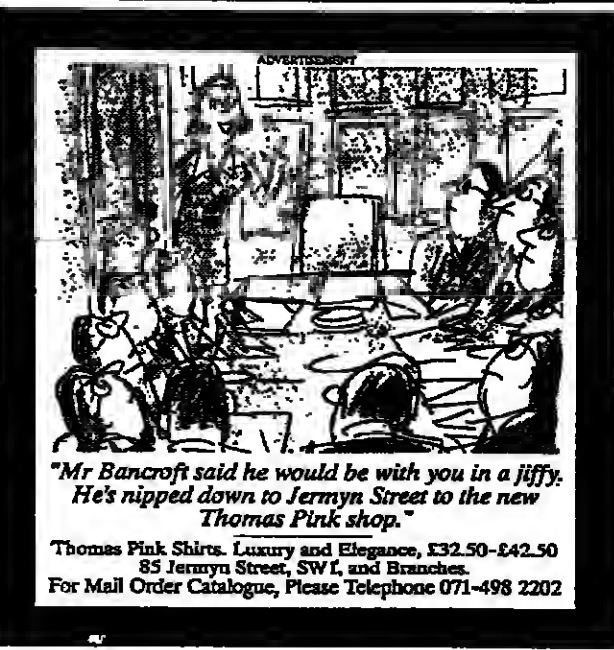
Oh, and a suntan. Simple, and studiously casual, but not cheap, as anyone who has ventured to gain a suntan or

buy a pair of Timberlands will know.

Preppy is not a look that can be cobbled together from the Oxfam charity shops. But it is significant that Oxfam shops in many university towns now specialise in selling almost pristine formal evening wear. The generation of the 1950s which bequeathed its hall gowns and dinner jackets to Oxfam must be gratified to see their adoption by Thatcher's proteges. Smart casual may be the order of the day, but smart formal has made a remarkable return for the night. Bodger's may have gone, but blue-blooded elegance is not dead.



Margaret Vandy



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HOW TO SPEND IT

Be bold: commission a gem of the future

B RITAIN seems to have been so busy in the last few years looking backwards, indulging in a collective nostalgia for things past, that many of our most talented contemporary designers must sometimes despair. Where, they must wonder, are the Medicis, the Rockefellers, the Esterhazys of our day? People who love and nurture the work of artists, who commit themselves to a raw new talent, encourage it, support it and give it the environment in which to flourish?

There are some new sources of patronage, of course – the great city corporations, companies such as De Beers which has done an enormous amount

to encourage a range of fine modern jewellers, silversmiths, enamellers, the lively companies and a few rich and enlightened private clients – but on the whole life is tough for the artists and craftsmen of our day.

Those who love jewellery, who have an anniversary, a special birthday or celebration on the way, might like to look at the work of some of our modern jewellers. Instead of haunting auction rooms or antique shops, take a wander round some of the galleries in the UK which do their best to support new artists.

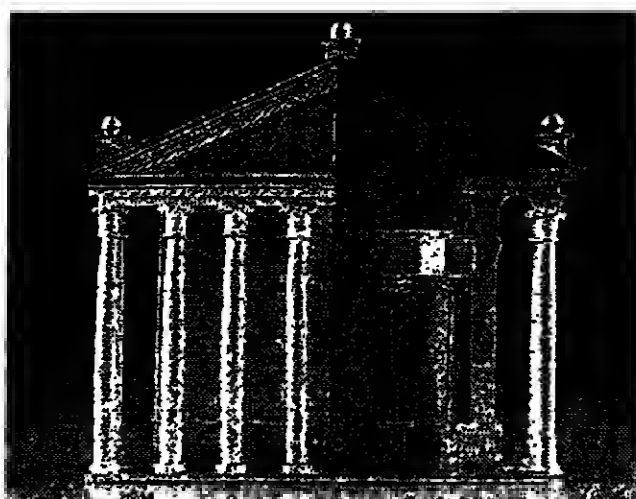
In London you would do well to make time to see an exhibition at the Lesley Craze Gallery, 34, Clerkenwell Green, London EC1R 0DU. In this unfashionable part of London Lesley Craze, once an actress, has for years been supporting the work of young jewellers.

For her latest exhibition – Today's Jewels, from Paper to Platinum – she has the work of 57 jewellers on sale, and on show. It is not intended to be a comprehensive exhibition of everything that is happening in Britain, more a personal selection of the work she herself likes and rates. The range, vitality and sheer beauty of the pieces is staggering.

The jewellers range from well-established names such as Gerda Flockinger and Wendy Ramsdell to designers still, commercially speaking, wet behind the ears. The materials range from the inexpensive and little regarded, such as papier maché, aluminium, painted tin and acrylics, to gold, silver and precious stones.

There is a lovely catalogue, with a single plate in full colour illustrating the work of each jeweller, which would be a marvellous handbook for anybody wanting a handy visual reference to a wide range of the best work being done today.

Already there is huge interest in the exhibition. One large public funded body is looking at the work in order to plan its buying for public collections,



Inspired by Palaeian architecture, this 'Temple of Jupiter' brooch is by Vicki Ambrey-Smith. The body of the brooch is made with scored and folded silver sheet, red gold sheet and yellow gold details. The pillars are made from carved silver tubing with applied twisted wire details on the capitals. £1,500 from Lesley Craze and the London Arts Board has given a grant to subsidise the catalogue. Those who cannot get to the exhibition, which is on until November 5, can at least buy the catalogue for £10 on the spot or £12.50 by mail.

Some of the work is remarkably well-priced – for instance, a beautifully worked brooch,

She designs all the pieces herself but for some of the techniques she gets experts to embellish the pieces – Fred Rich, for instance, one of our finest enamellers, does her enamelwork and Robert Campbell-Legg her steel engraving and inlay work.

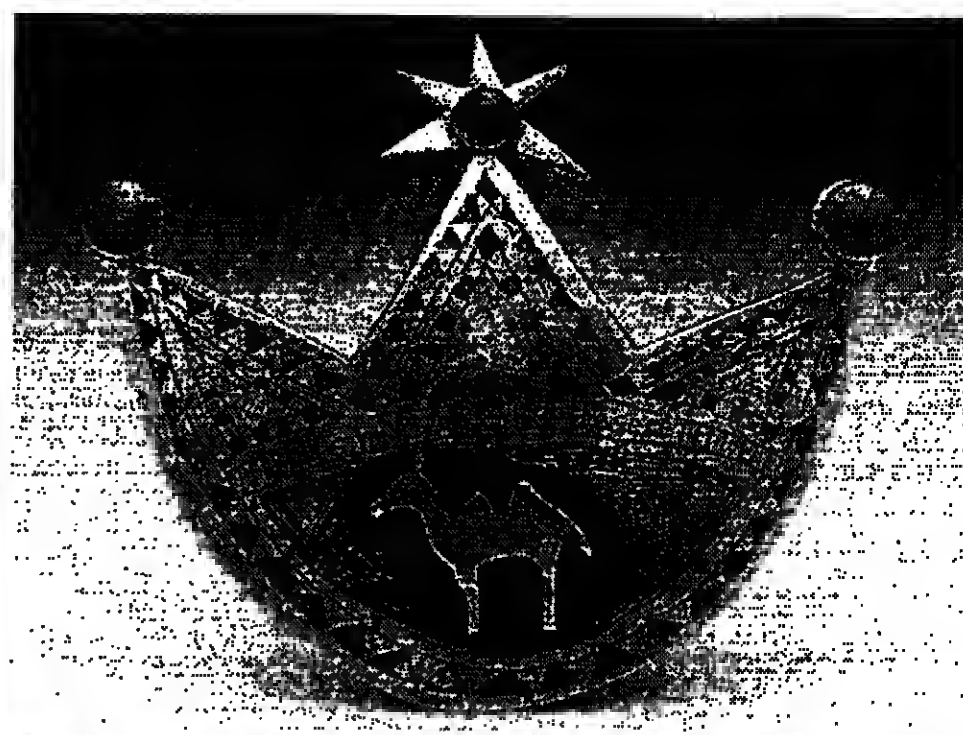
She works with metals, both

The nicest jewellery is hand-made and unique to you, says Lucia van der Post

labelled Hearts and Minds, made by Trevor Forrester in lead-free pewter with lacquered brass symbols is only £47. A spectacularly colourful cuff bracelet, made from large ceramic stones, glass and plastic heads linked with silver wire by Diana Laurie is £121.

Barbara Tipple has been designing fine modern jewellery for more than 20 years and has been the happy recipient of many awards, including two of De Beers International Awards. There is nothing cheap or trendy about Barbara's jewellery – it is made of the finest, most precious materials and is intended to last forever.

precious and semi-precious, bronze and all manner of stones from the most precious of all, such as Sandawana emeralds and the finest diamonds, to semi-precious tourmaline and even rock crystal. She loves combining metals such as steel with 22 carat gold and then adding the finest engraving or inlay work. Most of her pieces are strong and bold and one or two are almost monumental, with an almost primitive feeling which is counterpointed by the



'Ship of the Desert', a splendidly quirky brooch made from hand-pierced sheet silver and decorated with acid-etched patterns, is designed and made by Ruth Martin. A figurative camel is soldered in the centre, the patterns defined by oxidation and colour added with kiln fired enamels and gold leaf. £185 at Lesley Craze

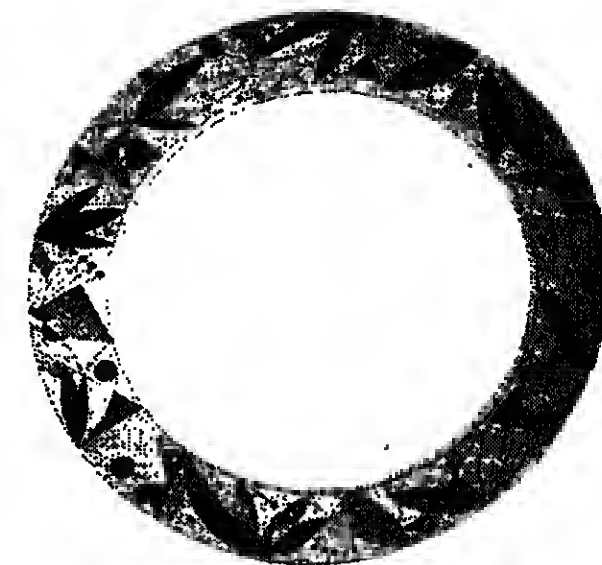
extremely high quality of the finishes and workmanship.

Most of her work is done to commission. She lives above her own gallery at 100 Marlborough Road, Southsea, Hampshire PO5 2BB (tel: 0705-753025) where a less expensive range of her work, from £30 upwards with an average of about £150, can be seen.

At the moment some of her more precious pieces, such as the ones photographed here, can be seen and bought at Kojis in the fine jewellery department in Harrods in London, where there is an exhibition of her work. Even there you could buy a silver ring for as little as £30. Other pieces start at £100 and there is a bigish selection for under £500.

Finally, you might like to consider the work of Barbara Christie, head of jewellery at the well-known Morley College in London who also makes jewellery for private customers to commission in her studio at home. How To Spend It readers may have seen her work at the many fairs at which she exhibits such as the Goldsmiths Fair and Chelsea Arts Fair.

Her style, as you can see from the two photographs

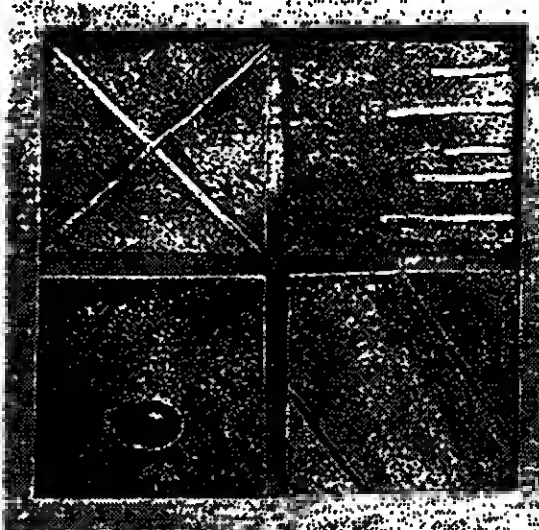


'Winners Circuit' is a collar-cum-necklace made from laminated plywood with a painted surface design and applied gold and silver leaf. Beautifully made by Cathy Harris, it is one of the pieces on sale at the Lesley Craze Gallery for £343

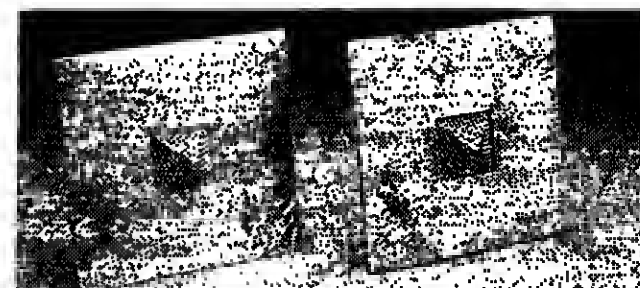
here, is spare, simple and strong. She uses precious and non-precious metals and stones as well as Chinese river pearls and gemstones. Her latest jewellery explores the theme of "boxes" – textured "box" brooches which are divided into tiny windowed compartments, each featuring collectibles such as gold or silver dust, miniature jewelled hearts and corals. Then there is a collection of square bangles with gold corners, diamond tipped rings, cufflinks, earrings and chains all based on what she calls the "Neo-Classics".

For those who prefer to spend money on something really useful she also makes a range of cutlery, napkin rings, paper knives, fruit knives and knife rests. For chaps there is a collection of bar cufflinks in 18 carat gold on steel.

Her prices start at £95 and the most expensive of her pieces is £850 but a really fine one-off piece of jewellery could be commissioned for well under £200. Contact her at her home, 12 Dukes Avenue, London W4 2AE, tel: 081-894 3498.



Silver and gold square brooch by Barbara Christie, £225



Silver and gold mesh ear-rings by Barbara Christie, about £125

Lucky dip of crafts

Hand-bound leather bindings by Gavin A. Flockinger. Prices range mainly from £15 to £200, depending on the intricacy and size of the work. Blank books, address books, visitors books, photograph albums, re-bindings – all can be done. You can see his work at the Chelsea Craft Fair or alternatively contact him at Rook's Books, 14 Paddock Gardens, Upper Norwood, London SE19 3SB. Tel: 081-765 6368

I F YOU are in the commissioning mood and fancy entering into a creative adventure with a craftsman of your choice you should visit Chelsea Crafts Fair, which starts next Tuesday.

Regular readers may remember that is something of an annual celebration, a happy way of dipping into the best, most creative work in a whole range of crafts. The fair has become so sought-after that these days it is divided into two different weeks with a different set of exhibits and exhibitors taking over in the second week. Those who want to see them all, therefore, need to make sure they go twice!

Many of those who make the annual pilgrimage to Chelsea Old Town Hall in the King's Road use it as a splendid opportunity to buy their Christmas presents early; others see it as a chance to identify the craftspeople whose work they most like and commission something special, whether it be a hand-knitted sweater, a fantastical mirror, a refined piece of furniture, some quirky jewellery or an individually carved toy.

There is, overall, be some 810 different makers with exhibits on sale and a quarter of these will be people whose wares have not been seen at the fair before.

There is an admission charge of 50p which entitles the visitor to one visit on each of the weeks, or a single visit costs £4. The first week runs from October 12-17, the second from October 19-24. It is closed on Monday October 18. Hours of opening are 10-6 pm from Tuesday to Friday and from 10-6 pm on Saturday and Sunday.

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TERMS: Cash, cheque with ID, Visa, MasterCard. 10% buyer's premium. AUCTIONEERS NOTE: This most unusual set of circumstances creates a unique opportunity for Collectors, Investors, Dealers and the General Public to acquire extremely rare and unusual, new and antique, gift and wool Oriental carpets and rugs. Auctioneer: CHK Ltd, 115 Regent Street, 87 Great Eastern Street, London EC2A 3JL.

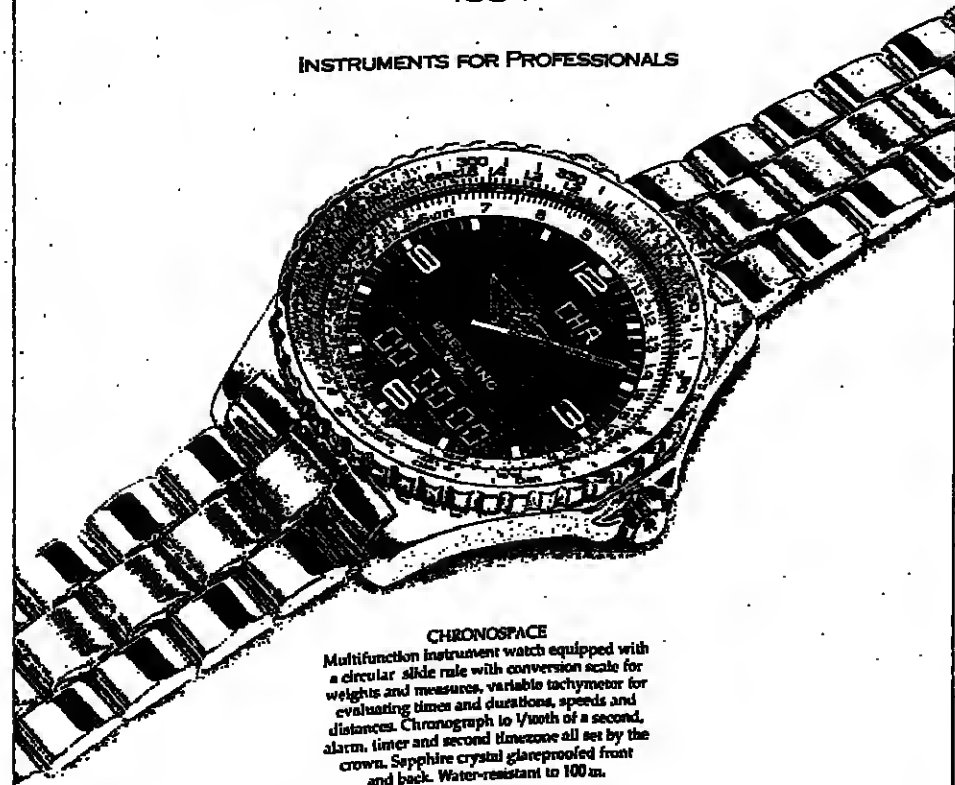
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SPORT

Soccer

The turnip faces the end of the world

Peter Berlin previews a week of big games

THE TURNIP goes back in the pressure cooker next week. Graham Taylor, the England manager and the Fleet Street tabloids' favourite vegetable, is this weekend coaching his squad in the nuances of the long-ball game in preparation for his date with destiny in Rotterdam on Wednesday. Victory would, more or less, ensure a place in the World Cup finals in the United States next year; defeat could mean the end of the world. A nation's fans will be glued to their television sets as Taylor steers in Feyenoord's stadium, the Tub.

Taylor and the England fans will not be alone. Only eight of the 24 places in the finals are decided. The 500-game qualification process started 19 months ago in Santo Domingo where Puerto Rico beat the Dominican Republic 3-1.

Around 450 games have been played since - give or take a few annulled or twice-played matches in Africa - but 33 teams are still competing for the remaining 16 places. Algeria and Nigeria met in Algiers last night in African Group A to decide whether Nigeria or Ivory Coast goes to the US. All but three of the other-play in the next 10 days.

Taylor has one advantage over his rival on Wednesday. Win or lose, Dick Advocaat, the Dutch coach, will not take his team to the US. If the Netherlands qualifies, Johann Cruyff will return from Barcelona to manage it in the finals.

If England makes it, Taylor is safe in his job for five years. The 1996 European championships will be held in England, so his team is excused qualifying.

Failure to reach the final stages has, traditionally, cost England managers their jobs although failures in the finals have been forgiven. A win in Rotterdam, though, and Taylor could watch his side lose every big game until the end of the qualifying tournament for the 1998 World Cup before having to find a new job.

A draw would leave matters balanced finely. England has a worse goal difference than the Dutch. Both play their last matches on November 17, England away to hapless San Marino and the Dutch in Poland. England would be giving the Dutch a four-goal start, a handicap which

favours England slightly.

Taylor does not fancy a night of such calculations: "When you start to think that way, it will drive you crazy," he said. England would go for a win on Wednesday.

This is a bluff. Taylor knows the Dutch must attack, and a counter-punching strategy would suit him. He has not added a creative player to his squad to replace Paul Gascoigne, who is suspended, and will select a defensive midfield. England's main attacking strategy will be Taylor's preferred long-ball game: a vague boot from defence towards the strikers.

Taylor must envy Egil Olsen, Norway's manager. His team leads England's group and needs to win just one of its last two games to be sure of going to the US. Switzerland, Belgium, the Republic of Ireland, France and Sweden also need just one win in two to qualify. All are placed perfectly for an attack of the jitters.

England and the Netherlands are not the only traditional soccer powers struggling to qualify. Below Switzerland, Italy and Portugal scuffle for a place. Behind the Irish, Denmark, the European champion, could qualify if results go well on Wednesday but, otherwise, faces a showdown in Seville against Spain. The US organisers will be praying France does not slip and that Spain, Italy, England and the Netherlands right themselves.

But if the European groups have made the marketing people nervous, the start of the South American qualifying tournament in July must have terrified them. Brazil had been in wonderfully creative form in the Copa America and the US '93 tournament earlier in the summer, but won neither. Then, it opened its qualifying group with a draw in Ecuador and a loss in Bolivia. But Brazil, cannily, had scheduled all its home games for the end; it won the lot and went through.

The three other Latin American teams assured of a final place - Mexico, Bolivia and Colombia - all are crowd-pleasers. Argentina, the pantomime villain of world soccer, must win a two-leg play-off against Australia, starting in Sydney on October 31.

In July, Argentina again showed its big-



The master entertainer: Rivaldo, captain of Brazil who have qualified for the 1994 World Cup

match resilience, grinding through matches in the Copa America as it did on its way to the final of the 1990 World Cup. It beat Brazil and then Colombia on penalties; but, in the final, Gabriel Batistuta scored two superb goals in a 2-1 win over Mexico to suggest Argentina has added a scoring edge it lacked in Italy. It should be too tough for the Australians.

Emotions will run high in Casablanca tomorrow where Morocco must beat Zambia to qualify. Morocco, which lost out on hosting the 1998 World Cup, is the only north African nation with a chance of reaching the finals and pride is at stake. The Zambian team, meanwhile, has been patched up from youngsters and returning European stars to replace the squad wiped out in an air crash in April.

If they qualify, the indomitable Lions of Cameroon know they will be the first Afri-

can nation seeded in the finals. Cameroon needs only to avoid defeat at home to Zimbabwe tomorrow, but the team has started wrangling over cash. On the other hand, Zimbabwe must overcome a passionate home crowd in Yaounde and the ground's reputation for strong witchcraft.

The organisers of Asia's final qualifying group, starting in Qatar on Friday, have implored the press to concentrate on soccer, not politics. The six contenders include North and South Korea, Saudi Arabia, Iraq and Iran. The chief question is whether the J-League has made the sixth team, Japan, a soccer power.

Franz Beckenbauer, the former German manager, said the champion will be handicapped because it is excused the qualifying tournament which toughens teams. The problem, as Taylor could point out, is that it can also eliminate them.

Rugby Union/Tom Fort

A sudden end to a coarse career

THE REVELATION that it was all over came just before the lights went out. It was a Sunday afternoon in November, and beneath the ramparts of Windsor Castle a game of rugby, of sorts, was being played. It was a one-sided affair, and we were on the wrong side. A pernickety referee had decided that two passing youths, whom we wished to recruit to bring us up to numerical strength, were too young. We were under the hammer. For myself, I was just trying to keep out of trouble.

I knew the flesh was weak: bad back, enfeebled ankles, twanging hamstrings, chronic wind shortage. But the spirit had, hitherto, been willing. Now I found the spirit had gone the way of the flesh. So I jogged along, leaning in a scrum here, bending to inspect a mail there, stretching supplanting hands above my head in the lineouts, stopping whenever possible - usually to watch a hungry opposition sweeping again through defences attenuated to the point of extinction.

Suddenly I found the ball in my hands, in broken play. Ancient, treacherous instincts asserted themselves, and instead of throwing it away, I advanced. The way was guarded by a vast, muscular creature. As I approached him, the instinct told me: "Take the tackle and lay the ball back." I might have known that this was futile, and that with none of my team at hand, I would merely be laying it back to the enemy. Take the tackle I did, and of the fate of the ball I know nothing. The creature plucked me up by the thighs, turning me upside down and throwing me up, then left gravity to do its work. I retired from rugby as I came down. I saw mud and grass rush towards me and darkness supervened.

That was almost two years ago and I have remained retired. The back is worse, the ankles and hamstrings more delicate than ever, the wind almost gone. Feeling as I do now, the idea of playing rugby is ludicrous. Yet there is a voice - a damnable insistent one - which at this time of year nags at me, reminding me how I miss it. Looking back over the best part of 20 years as a coarse rugby man (I did not take it up until manhood), it is not the achievements on the field which stand out. There were tries and triumphs, all the more precious for their rarity. And I can still dimly taste the joy of the surge through a gap, the dive for the line, the leaping catch at the lineout, the smash of a tackle.

But much more vivid - the real motor of nostalgia - is the memory of companionship, simply the getting together with

other like-minded fellows for an innocent letting-off of steam on a Sunday in winter. I can smell the smells of changing rooms, liniment and Vaseline; hear the drumming of studs on tiles and the snap of elasticated bandages on to meaty thighs; feel the churn of nerves in the pit of the stomach and the wind and rain in the face as we ran out on to the pitch, peering at our opponents to assess if they looked in any better shape than us.

We never went in for the conventional ritualistic heartiness of the rugby club. We did not bawl out ban-room ditties. We did not know the words; nor did we match ourselves in ale-quaffing contests, knowing we would lose. Our changing room never echoed to the unison roar of the pre-match chant, promising annihilation to our opponents. Our tactical

'The creature plucked me up by the thighs. I retired from rugby as I came down'

approach was childlike. Indeed, we had no tactics worthy of the name, since - as often as not - matters of who was playing where were not settled until after the match had started. We had lineout calls, but they were imperfectly understood by those who were supposed to jump.

Almost no one knew the rules, which never inhibited us from abusing referees who did. We never trained, so we had no planned moves. We simply pushed in the scrums, jumped at the lineouts, got off-side at rucks and mauls, tackled when we could reach someone to tackle, kicked when we had to and ran the ball when we could.

Afterwards, over our beer, we would either bemoan our naivete or laugh at the way we had transcended it. We would abuse each other, our opponents and the hapless ref, and dwell on our blunders and our hopes for next week. And we would go home warm and happy and wake up aching the next day.

Of course, memory erases most of the boring and bloody side of it: the joyless massacres suffered, the ugliness of injury and occasional violence, the physical awfulness of tender feet, flaming abrasions, stinging stitches. But it was fun, and life is less fun without it, and I still sense a mute reproach from my boots and tin of dubbin, as they stand gathering dust in the cupboard under the stairs.

Motoring/Stuart Marshall

The seat of success

AS MANY motorists know only too well, some cars can be a pain in the neck - and back. According to the findings of a survey by the Osteopathic Information Service, to be released on Monday at the start of National Back Pain Week, 80 per cent have back pain and one in four suffers at worst permanent damage, or at best discomfort, because of driving.

More than half are over 30 years old. Men and women suffer equally. The taller they are the more likely they are to get back pain, especially on long journeys. Almost all of those questioned said they were uncomfortable or in pain within three hours of starting a journey.

As someone who is tall and a long way past 30, I find all this believable. But why does it happen?

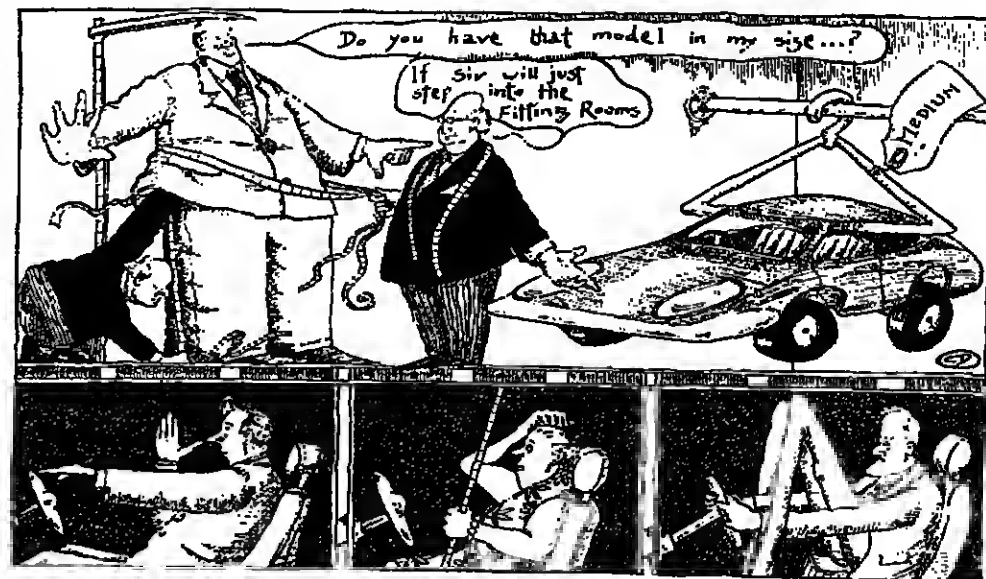
The French used to fit their cars with soft seats to cushion the body from the shock of driving over bad roads. The Germans took an opposite view, having seats that seemed stuffed with reinforced concrete. I sided with the French.

Some of the most fatigue-free long journeys I have made in cars - from the UK to the south of Spain or to Austria, for example - were in cars with seats into which one sank deeply. And, in contrast, some of this least comfortable were made in cars with seats so hard they barely yielded at all under one's body weight.

In recent years there has been a levelling up. In general, French car seats have become harder, German ones a little softer. Italian makers still believe that seats should be a bit squishy. So do the Americans. The Japanese, who once aped German habits so slavishly they adopted hard seats and funeral black interiors for any car with sporting pretensions, have more bottom-friendly upholstery nowadays.

British cars demonstrate Britons' traditional ability to compromise. Their upholstery is unlikely to offend either lovers of soft seats or those who would have agreed with the German makers who never tired of telling me that hard seats (like cold baths) were good for you.

The Swedes - over the years Volvo and Saab have researched seat comfort very thoroughly - belong to the not-



too-hard, not-too-soft school. But there is far more to seat comfort than the hardness or softness of upholstery.

As cars have become more compact and more aerodynamic, there has been less space to spare for the driver. Mounting the engine sideways and moving the driver forward can lead to both pedals and steering wheel being off-set to the seat.

This is why I never make up my mind about the driving

'Mpvs and lofty 4x4s may help back pain sufferers'

comfort of a mainland European car until I have tried the right-hand steering version over a fair distance. The results can be enlightening - and disappointing.

In my experience, Japanese cars nearly always have good driving positions. Years ago their makers got the message that Europeans were much bigger than their home market customers. And of course, Japan has the same keep-to-the-left rule of the road as the UK so their cars have right-hand drive.

The Osteopathic Information Service says back pain is as likely to trouble drivers who sit close to the wheel as those who adopt an arm's length stance.

It is a personal view, but I find some sporty Italian cars

less comfortable to drive than those from north European or Japanese makers. My theory is that they are still designed for the traditionally short-legged, long-armed Italian male, not long-legged people like me.

And I settle comfortably behind the wheel of any Volvo or Saab, with lots of space round the pedals, because they seem to have been built for big people with larger feet than mine.

The growing popularity of high-roofed, multi-purpose vehicles like the Renault Espace, and of lofty off-road 4x4s, may help back pain sufferers. Their ample headroom allows a driver to sit upright rather than slouch behind the wheel. People troubled so badly by their backs that they choose to sit at home in dining chairs rather than deeply upholstered easy chairs will know what I mean. In a few days time the Osteopathic Information Service will be going into detail about which cars it considers can reduce the risk of causing their owners back pain.

In the meantime, it advises potential car buyers: ■ Try the praying test. Adjust the seat so your hands just touch the wheel. Arms straight, with your back and shoulders square in the seat, put the palms of your hands together. If your fingertips do not point at the middle of the steering wheel, your spine is slightly twisted.

■ Now the fist test. Sit normally, so you can depress the clutch fully without stretching. Put a closed fist on your head,

knuckles up and palm down. There should be at least 6cm (over 2in) between your knuckles and the roof.

■ Next, sit straight, hands evenly on the steering wheel, left foot on the clutch, right foot on the accelerator. You should not be able to see more of one leg than the other.

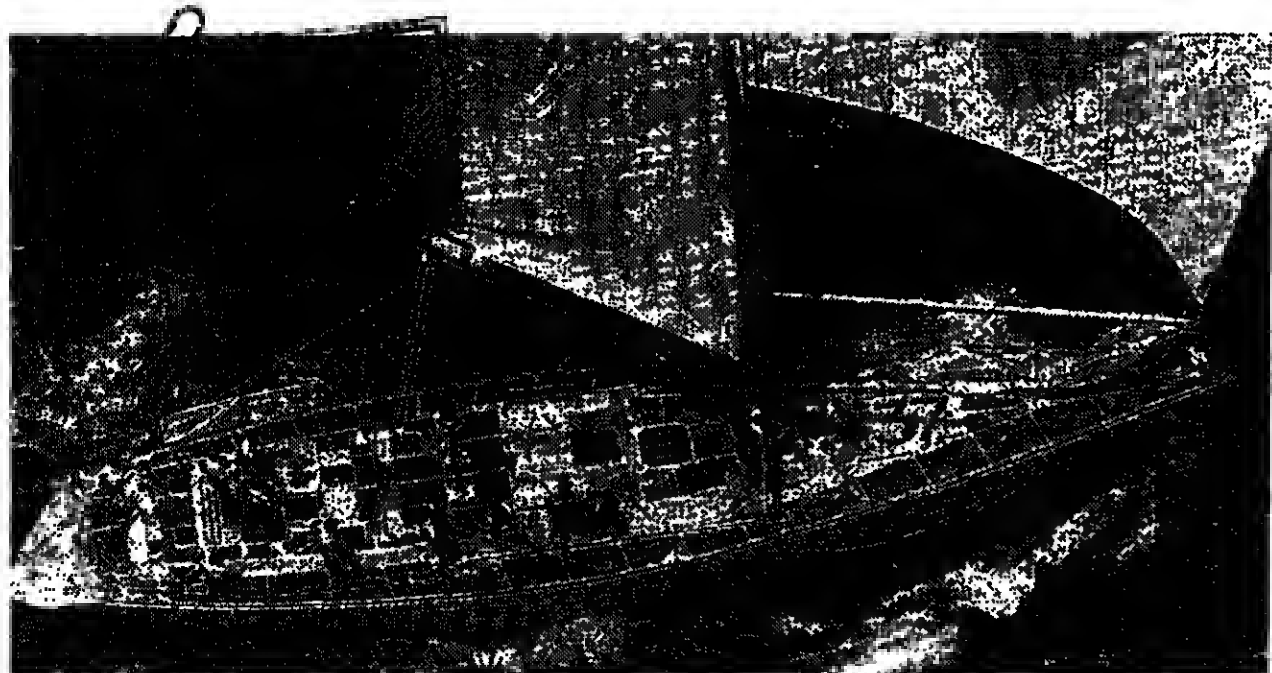
■ Drive the car for a short time, then look at the position of your right leg. Is it at the same level as the left leg (as it should be) or has it fallen toward the edge of the seat? Is your thigh in line with your foot - or has it slipped toward the centre of the car?

If a car passes these simple tests, the Osteopathic Information Service says it should help reduce the risk of your suffering back pain. It may still be difficult to find a perfect fit, but at least the tests will put you on the right lines.

MOTORS

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FT Invitation to The Caribbean Regattas Spring 1994

Following the overwhelming response to our invitation to the Antigua Race Week, the Financial Times has now arranged to again invite our readers to crew the maxi yacht Creightons Naturally at one of the Caribbean Regattas prior to Antigua Week next Spring.

This 80-foot ocean racer has a professional skipper, watch leaders, and cook, but the 14 Financial Times readers who join us on each of these holidays will be expected and encouraged to play a full part as crew members sailing and racing the maxi.

The Mount Gay Barbados and St Maarten Heineken Regattas, offer the ideal combination of competitive 'big boat' racing, and relaxed enjoyment ashore, and there will be time beforehand for relaxation.

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To reserve your berth to join the FT and the crew aboard Creightons Naturally, or receive further details, return the coupon opposite now.

Programme

22nd January to 4th February

Mount Gay Regatta, Barbados

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26th February to 11th March

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Deposit to reserve berth £135 Readers outside UK without UK bank accounts should advise preferred method of payment.

Our holiday price includes food and accommodation (less drinks) throughout your time on board, together with race fees and all other on-board expenses. Personal sailing gear (oilskins, safety equipment etc) is provided. Not included are insurance and travel to and from Antigua, though the FT has arranged for Trailfinders Ltd to reserve flights from UK at preferential rates for FT crew members.

Addresses supplied by readers in response to this invitation will be retained by The Financial Times Ltd, which is registered under the Data Protection Act 1984.

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Please send me full details of the FT Invitation to the Caribbean Regattas

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TRAVEL

Darker side of a dream trip

William Pitt found the back roads of Bali more terrifying than tranquil

BALI IS a word that conjures up dreams. So says an old holiday brochure we have lying around the house. Having returned from Bali, I can vouch for its accuracy. Unfortunately, not all my dreams are pleasant.

To be sure, some are populated by tranquil Balinese, placing rice offerings for the gods at every door. Men and women are clad alike in bright sarongs and wear flowers in their hair. But there was nothing tranquil about the women from the village of Penelokan who rushed to surround our vehicle and thrust gaudy batik textiles up against the windows. Something close to desperation shone in their eyes.

My worst dream features three young men, their leader stripped to the waist and carrying a long stick, on a lonely road in the crater of a volcano.

It happened long after dark as we were leaving Toyah Bunkah, a spa

village on the shores of Lake Batur, in north-east Bali. On the map the village had appeared the ideal place from which to climb Gunung Batur, the second most revered volcano on the island after mighty Gunung Agung to the south. But the visit had not been a success: Toyah Bunkah (which means holy water) had proved as mean as its setting was magnificent.

The batik sellers in Penelokan, up the hill from Toyah Bunkah, had given us a foretaste of the region. We had come from Ubud, a village whose wood-carving emporia and bungalow inns seemed to have crowded out the houses. But at least the people were relaxed. By

contrast, the women of Penelokan made the gypsies who flock to wash car windcreens on the outskirts of Spanish cities seem shy and retiring. I later read that some garage attendants in Penelokan pull pieces of visitors' cars and then offer to repair them.

The fervour of Penelokan's batik sellers surprised but did not worry us. We were not planning to stay there, despite the splendour of the village's setting on the rim of the huge crater.

Our goal was Toyah Bunkah, down a steep and narrow road across an ancient lava flow. At the entrance to the village a uniformed guard demanded 500 rupiah (about

15p) per head "for the hot springs." We never saw the springs: litter blew down the streets and along the shore of the lake, sapping our enthusiasm for an outdoor bath.

Over the next three hours our disenchantment with Toyah Bunkah grew. The people were alternately surly and aggressive. The pie dogs were just aggressive. Loud rock music blasted from the Under the Volcano Homestay. The food in the only frequented warung (restaurant) was appalling. We returned hungry to our hotel - our guidebook called it the best on offer - to find huge cockroaches

clambering over our luggage.

We had planned to climb Gunung Batur at dawn. But having shaken the roaches from our possessions we decided to cut our losses and leave town. It was about 10pm. I went in search of the hotel staff, a task made difficult by a sudden power-cut. There was no one to be found.

On the road out of Toyah Bunkah, just before it begins to wind, a red mini-van overtook our vehicle. Three men jumped out, their leader brandishing his stick. It seemed unlikely that they wanted to sell us batik. They may have come from the hotel, where we had left a note on the bed saying: "Too many cock-

roaches." Or maybe they were robbers. Either way, I decided not to argue with them.

They had omitted to block the narrow road with their mini-van. I drove up to the man with the stick, made as if to lower the window, slammed on the accelerator and drove on up the hill. A crash on the roof registered his annoyance.

They pursued us closely for perhaps 10 minutes, during which time our vehicle never got beyond second gear. The bends were very sharp, but the Toyota took them like a seasoned skier tackling a mogul run. My main fear was that a stray dog or pot-bellied pig might wander out in front of us.

At the top of the hill our vehicle's speed began to tell against the mini-van's. We big-tailed it back to Ubud where, amid the bungalow inns and sleeping gift shops, we felt secure.

Later we learned that the region around Gunung Batur has a poor reputation. For some reason the people did not seem to have come to terms with tourism as comfortably as most Balinese. Or maybe the region had always been lawless. Anthropologists attribute much of the cohesion of Balinese society to the cultivation of rice in terraced paddies, which requires close co-operation among villagers. But around Lake Batur there are no rice paddies.

Such explanations are rarely more than guesses. I do not know what made the people of Toyah Bunkah different from the people of Ubud. But I left Bali thinking that perhaps, for once, the beaten track offered the best views.

Taking tea in the Sahara

MOROCCO has generally been the domain of the French traveller. As Lord Salisbury commented in the House of Commons in 1899: "We have given the Gallie cockerel an enormous amount of sand. Let him scratch it as he pleases."

The French are still there in force - on mountain bikes, in Renault 4's, even on foot, though their rule ended in 1956. They still treat it as a colonial playground, rather like the South Africans treat Botswana.

Eight of us set off in two Land Rovers, with local drivers and a guide. Our luggage and camping equipment was loaded on to roof racks. The plan was to drive from Marrakesh to the Sahara, camping on the way, then back

From the comfort of a four-wheel drive vehicle the Sahara, at least at its edges, is not that daunting. The countryside is often quite rocky: one day's drive was like going round a gravel pit. In the afternoons we would gather in a large tent and play bridge while the guide and drivers cooked chicken soup or lamb kebabs. As it grew darker, camel spiders would enter the tent. We stamped on them.

In a room in a house in a small village marooned 100km from anywhere we sat on rugs while a village elder brewed mint tea on a gas stove. The air was thick with flies. Five times he poured it out of the tea pot into glasses, then back into the tea pot. Then he added more sugar. It tasted like very sweet washing-up liquid.

When the wind blows in the desert, visibility falls alarmingly, even during the day. It is then that you are glad to be in a vehicle, and not on foot or camel. One evening we were due to camp among the largest sand dunes in the world at Merzouga. There was nothing to see of the sand dunes, although we could taste and feel them. We cruised past a man on a bicycle, blown by the wind but seeming to make no progress.

A French-style inn called the Auberge du Casbah served us long cool glasses of orange juice. In Erfoud we stayed in a hotel for the first time in three days, and were able to wash.

After the desert it was a relief to head for the clean cool air of the High Atlas mountains. At the foot of the Todra Gorge, where the view is most exciting, are two small basic hotels. Next morning for the first time most of us had food poisoning.

Two hours' drive away is the Dardes Gorge, which boasts an outcrop of phallic rocks. We picnicked under a walnut tree. Gradually a number of small children crept up on us, although they hid every time we pointed a camera at them. The final drive was over the Atlas to Ouarzazate, with the drivers happy to be going home and the guide entertaining us with tales of illicit liaisons with western travellers.

We had covered over 1,000km in a week. For some of the party this had been too much motoring. But the sight of the stars in the Sahara and the view from the top of a 300m-high sand dune, with Algeria away to the south and a single track leading north to the horizon, were reasons enough to visit the desert.

Among specialist tour companies, *Worldwide Journeys & Expeditions of C. Comeragh Road, London W14 9EP* (tel: 071-361 8635) organises Land Rover safaris in Morocco. For a 10-day round trip from London to the Sahara and High Atlas, prices start from about £850 per person.



The new capitalists: a watch salesman piles his trade on Prague's historic Charles Bridge

Under Prague's historic skin

Christian Tyler gets to the heart of the Czech Republic's multi-faceted capital

PRAGUE from the air looks less like a capital city than a smiling country town to which a thoughtless 1950s planner has added overspill housing estates.

In approaching this city, one of the great spectacles of Europe, one can choose instant gratification by ignoring the suburbs and plunging directly into the antique beauty of the Old Town. Or one can give Prague her due and savour the greater pleasure of unpeeling her, slowly, like an onion, from the outside.

We had arranged to rent rooms in the suburban flat of a former Czech diplomat in expectation of a privileged introduction to the place. But his wife fell ill, the substitute apartment was offered was too far from Metro and tram stops, and we ended up in a self-contained flat in the eastern district of Žižkov - conveniently close to the city's best tram route, the Number 9.

The area was poor, the building was a grey 1930s block and music blared from behind the first door on the dank stairwell. But the flat itself, though plain by our standards, was big, clean and newly decorated with bathroom tiles of a trendy toad's-belly design. I won-

dered if the landlord, a Mr Hranicka, ever lived there.

It was unfamiliar but homely. We could watch the neighbours dressing and cooking in the flats opposite. A blackbird sang from the roof by day and the local drunks serenaded the street by night.

Although the view from the windows was limited, from Žižkov we commanded, thanks to the Number 9 tram, a fine historical perspective of Prague. The tram picked us up in the grim neglect of post-war Communism, trundled past monuments of the city's industrial heyday in the 1930s, descended past the late-empire merchants' offices and deposited us near the gothic Powder Tower at the entrance to the old city.

Prague's preservation owes a lot to the shams of Munich when Chamberlain and Daladier allowed Hitler to begin his eastward expansion. What Hitler lost is today being peacefully reclaimed by German tourists and investors. The Czech Republic feels already part of western Europe (and one trembles for the future of its incomparable beer).

I saw only one ugly reminder of the past, the words *sovjeten vladetel* (Soviet ruler) scrawled on a wall. There are other reminders outside the city, such as

Terezin, the former Theresienstadt concentration camp for Jews.

The old city is crisscrossed with tourists - it must surely soon overtake Amsterdam as Europe's hippy mecca - but has a carnival gaiety about it. The arena bounded by the theatrical facades of Old Town Square has become a vendors' market and circus. Some of the attrac-

'The Czech Republic feels already like part of western Europe'

tions are ingenious: boys were forging souvenir swords on a portable furnace; an animal trainer had terriers with ruffles round their necks jumping through hoops; a ferret stared out of an old mortar casing carried by an unshaven type in battle dress - presumably he was a central European exponent of the well-known Yorkshire virility test.

If the old town can be claustrophobic, at peak periods the famous Charles Bridge is suffocating. The western youths who come to live and bask in Prague strum dreadingly

on their guitars (sample from one monotonous troubadour: "Just because you're going forwards doesn't mean I'm going backwards...").

They are outclassed by the native musicians: brass quartets, baroque ensembles, Dixieland bands, diddler-players, fingerbenders. Even the little old man scraping a violin while his wife kept time with a stick-shaped tambourine was putting his back into it.

Indeed, though architecture is Prague's glory, music is its connecting theme. The sound of string-players tuning up drew us to the Chapel of Mirrors where we were able to watch a rehearsal before running round the corner to take in a choral concert in the dusty gloom of the Týn Cathedral. Even the muzak in the restaurant where we dined that night (the excellent U Plešán in Betlémské square) was classical muzak.

Architecture and music come potentially together in the Týl theatre, built in 1780, where Mozart conducted the premiere of *Don Giovanni*. It is a handsome, side-ways-on building, recently restored and now a playhouse.

Understanding no Czech, we paid our homage to Mozart by booking

in, somewhat doubtfully, for a surreal version of *The Marriage of Figaro* in a scruffy hall near the top of Karlova Street. We were not disappointed. As with the buskers and the souvenir-sellers, we were forced to marvel at the inventiveness of the Czechs. The opera, given in full, slipped along with an orchestra of 12 players; the singers were of conservative standard and the shoe-string production was farcical, ingenious and witty.

It is as if the Czechs are still celebrating their release from the old regime (Independent Slovakia has less to crow about) and westerners are welcome to the party. If you have not yet seen Prague, you should - and soon, too, before the hustlers and the crowds take all the fun out of it.

Christian Tyler travelled c/o Cedok, 49, Southwark St, London SE1 1RV, (tel: 071-378 6008) which offers three-night visits, including flight and flat, at £329. Check for other packages. Czech Airlines, 72, Margaret St, WI (tel: 071-253-1858) is offering flights at £169 return, departing Tuesday, Thursday, Saturday, returning Monday, Wednesday, Thursday. Self-contained flats or rooms with families can be booked on arrival.

Skiing/Arnold Wilson

The bear necessities of Aspen life

NOW THAT winter is almost here and the first snows have dusted America's magnificent Elk range of mountains with a fresh white mantle, Aspen's townsfolk are breathing a sigh of relief. The bears are about to begin their big sleep. Guests can now sleep easy in their beds, too.

Last April 1, telephone calls about a bear on the lower half of Ajax Mountain in Colorado during ski-racing were at first dismissed as an April fool's joke, until someone actually saw the bear padding up Spar Gulch, one of the resort's most popular ski trails. It had been hibernating in an old mine-shaft and - nating in the sound of the snow perhaps roused by the first of early race tannoy - had been taken by many bear-sighters in the Rockies' most famous resort, many ruffling through dumpsters and exploring garages. In Crested Butte, just

across the Elks, a jogger was joined by a bear for his morning run. It chased him down the mountain track. Fortunately he was able to outrun it until he reached the sanctuary of the town.

Then, in May, the unthinkable happened: in the middle of the night a bear swaggered into the grounds of Aspen's newest and most prestigious hotel, the Ritz Carlton, and took a dip in the swimming pool. If the news leaked out, the hotel reasoned, there would have been panic which could have sent its pampered guests running for cover. Not good publicity.

The bear's bloodied footprints were spotted at daybreak by a security man. The security camera was played back; sure enough, there was the shadowy figure of a substantial brown bear lowering itself into the water. It was timed at 3.40am.

The bear swam around for 12 minutes and then - in its struggle to

get out - damaged a foot with the claws of the other. Hence the trail of footprints. The pool was drained, cleaned and refilled, and the story was hushed up - until weeks later, when the news leaked out. Far from driving customers away, the story raised the hotel's profile.

Is it bears or people who are the problem? "Some people try to attract bears so they can watch them," says the Colorado Division of Wildlife (DOW). "That's like live ice-cream to the bear. It starts poking around the house and the people call us and want the bear removed."

According to the authorities, people - including holidaymakers - need to realise they are living in the bears' backyard. "People move here to appreciate nature and enjoy the wildlife, yet they worry every time a bear walks through their backyard," says Mike McLean, the wildlife supervisor in Telluride, another

famous Colorado ski town. "They have to take some responsibility for their choice of living here. Yet every time a bear turns up, they ring us and ask us to remove it."

With the bears safely out of harm's way, Colorado can get on with the new ski season. Breckenridge, the favourite resort for British skiers, has been sold by its Japanese masters and gobbled up by Ralston, Purina, which manufactures dog food among other things.

It also owns the rival resort of Keystone and Arapahoe Basin. Ralston now owns every resort in Summit County's "Six The Summit" alliance except Copper Mountain. Will it go for the grand-slam? Aspen, too, has been buying up the opposition: after years of being a small but irritating thorn in Aspen's side, the maverick resort of Aspen Highlands has finally fallen into its famous neighbour's clutches. Stand by for ski wars: Aspen's four mountains vs

Summit County's 10.

Also stand by for another heroic British performance in Aspen's 24-hour endurance race for charity, in which racers in teams of two spend all day and all night launching themselves down Aspen's steep cruising trails at speeds approaching 90 miles an hour, completing serial descents in around two minutes 30 seconds. Does anyone know - or care - that two British skiers, Malcolm Erskine and Mike Jardine, astonished everyone in town last winter by coming fourth?

The racers can only take 12-minute rests each time they return to the top of Ajax in the Silver Queen gondola, and towards the end of the marathon some of them start hallucinating: pink elephants and catfish were mentioned.

The idea of Brits coming to Aspen, skiing the mountain 80 times in 24 hours and seeing off a lot of European and North Ameri-



can skiers is almost too good to be true. This year the self-effacing Erskine, once in the British ski team, is coming back with a new partner, Mark Blyth, a former British junior champion, for another attempt.

Perhaps if more young British skiers took advantage of free skiing in neighbouring Crested Butte every year - the only resort in the world I know of that offers free skiing before Christmas - we would

have promising young racers in greater numbers. This winter Crested Butte is going one better. The resort is offering beginners taking its "Quick Start" courses their money back if they are unable to ski from the top of the Keystone lift to the bottom.

Arnold Wilson's visit to Colorado was organised by Ski The American Dream: 117 Station Chambers, High Street North, London E6 1JH, tel: 081-552 1201.

OUTDOORS

A garden of unearthly delights

Patricia Morison
visits Scotland's
antipodes - the
Logan Botanic
Gardens in Edinburgh

STRANGE AND monstrous plants flourish at Logan Botanic Gardens, Scotland's subtropical paradise. Logan belongs to the Royal Botanic Garden, Edinburgh, but it is far to the west in the centre of the poetically named Firth of Clyde. A mile to the east are the gentle waters of Luce Bay; to the west is the Irish Sea. Getting to Logan is an expedition (Stranraer is the nearest town), but worth it for a garden which is a plant-lover's paradise.

Walking under the famous avenue of Chusan palms, sniffing the leaf of a 20-year-old lemon verbena growing in the open, you pinch yourself to think that this is Scotland. If it seems too far-fetched, think instead of Ireland. Galloway, too, is warm and wet, a pastoral landscape where the air is deliciously relaxing and smells of muck. As in Ireland, hedgerows at shore level are bright with the orange gold of crocuses. This summer, there were even escaped white daisies growing wild on Glen Luce Bay.

Logan's soil is sandy and slightly acid; rainfall is high, an average 40ins and fairly from month to month. Because Logan is warmed by the Gulf Stream, chief curator Barry Urwin and his team can grow plants out of doors all the year round. Such tender specimens as myrtles and trachelospermums flourish at Logan, which provides a home for the rarities brought back by the Royal Botanic's plant-hunting expeditions to the southern hemisphere.

Lashing salt-laden winds were always Logan's enemy as well as rare but devastating frosts of icy weather such as occurred in the winters of 1962 and 1978. As years pass, Logan's protection grows denser with its outer shelter belts of spruce and pines, and behind them attractive groves of pittosporums, griseliniads, and olearias, New Zealand daisy-bushes.

Two hundred years ago, according to a local historian, cheap foreign labour gave the garden at Logan its first really stout barrier against the salt spray. French prisoners taken in the Napoleonic wars were apportioned to the great houses of Scotland. The McDoualls of Logan, settled in the ruins since 1300, set their unfortunate Frenchmen to work with a vengeance.

Down at Port Logan, the prisoners excavated a huge saltwater fishpond to provide the McDoualls with fish for the dinner-table. From the granite spoil they erected the massive, pine-walled garden. Like other 18th century lairds' fortu-



Palm trees in Scotland: warmed by the Gulf Stream they flourish in botanical gardens in Edinburgh

nate enough to live in Scotland's mildest regions, the McDoualls were already doing nicely from sales of fruit and vegetable. Thanks to the fortunes of war and higher standards of living, they proceeded to do better still from their working garden.

The exotic place we see today is the creation of two generations of McDoualls passionate about adventurous botanising. Agnes McDouall and her two sons, Kenneth and Douglas, they contributed funds handsomely to the great botanists of the last century, Forrest, kingdom Ward, Farner, and Ernest Wilson, and took their reward in plants - magnolias, rhododendrons, the famous tree-ferns and Chusan palms. A good number of the specimens they planted still survive.

The brothers themselves went on expeditions. They brought back species like primulas and meconopsis, and invented the peat bed technique for growing them

in acid-free, moist, conditions. When next I go to Logan, it will be in late spring to see the meconopsis whose blue brilliance, they claim, finer at Logan even than at the Botanic in Edinburgh.

The McDoualls' failure was to perpetuate their own line. Logan passed to a cousin, then to Sir Rolf Hambro who greatly restored the gardens. On his death in 1969, most of the garden was handed over to the nation.

So although fairly new as a botanic garden, Logan has its historic pedigree and no other can beat the romance of its setting. Dominating the Fenchmen's walls is the ruined medieval tower of Balzeland where the McDoualls lairds had hung grimly on through a murderous 15th century.

Beneath, in the Walled Garden, high summer under the huge tree-ferns, Dicksonia antarctica, always sees a magnifi-

cantly colourful display of semihardy and tender perennials.

The Edinburgh garden introduced South African daisies to British gardens, so you find them in abundance, together with turquoise feliicias, argyranthemums, tawny vendiciums, varbenas, and several dozen different tender sages. This is the part of the garden to gather ideas. For the rest, the walls, terraces and wooded slopes are the place to marvel at rarities and pine for plants which, short of emigration, one will never grow.

In late summer, Fascicularia bicolor develops huge rosettes of pillarbox red with a silver centre and lilac-flowered middle, the plant world's answer to the baboon's bottom. Monstrously tall variegated phormiums send up 18ft spikes of flower on stems as black as coal. They are overtopped with ease by the drying flower heads of the incredible echiums of

Madeira. Strange fuschias disconcert as well as delight. Tiny yellow-flowered blooms point purple stamens up from a 2in procumbent New Zealand. If ever there was a night-mare plant it is Fuchsia exortica which pushes its purple blooms straight out from the suppurating brown bark of stems thick as a tree.

No child will forget the Gunnera Bog with its monstrous leaves looming 20ft tall and 10ft across. No adult will forget the splendour of a scarlet-flowered metrosideros Umbellata, a New Zealand Christmas tree, in full bloom.

Logan is Scotland's antipodes, its garden of unearthly delights. There is something to see all the year round, and probably something you will never have seen before on these shores. From October 31 to March 14 you must ring to arrange a visit. Tel: 0776-86231.

Country note

Harvest home

THE HARVEST mouse is Britain's smallest rodent, a tiny scrap of a thing weighing little more than a 20p coin. It is only about the same size as a pygmy shrew and, like the shrew, it has a high metabolic rate in order to maintain its body temperature.

The ratio between its body mass and its surface area is 4.8, very high when compared with, say, a 30gm wood mouse which has a ratio almost half that at 2.5. Because it loses heat so rapidly, the harvest mouse eats a large amount of food, up to 30 per cent of its own body weight daily - almost as much as the wood mouse.

Traditionally harvest mice are pictured feeding on the ripe ears of wheat but, while their diet does consist of seeds and fruit at certain times, they also feed extensively on insects, occasionally on birds' eggs and even on each other.

The harvest mouse habitat is generally thought of as corn fields and these supposedly scarce mice were reputed to have suffered a further decline when combine harvesters were introduced. In fact, they are distributed widely throughout England with local strongholds in Scotland and Wales.

In some locations they are considered common although numbers can fluctuate markedly from year to year. Furthermore in spite of combines, they appear to breed successfully in corn.

A safer alternative, however, and one used by many harvest mice, is to live over water. These gingers white-bellied mice have tails with a prehensile tip and, equipped with this safety line, they clamber about happily in grass and reeds, their slight bodies hardly flexing the stems, and so they rarely need to come down to the ground during the summer. They construct their round nests from the living leaves, shredding each into thin strips and then weaving a ball from these. Thus for some time the nest stays the same colour as the plants from which it is built and cannot slip down the stems.

In the autumn though, when the population is high, the drying reeds become untenable. As water levels rise they disperse to their underground winter quarters. At this time, harvest mice fall prey to barn owls and other birds.

The mice breed rapidly, especially in captivity, and their small size and frequent periods of activity make them most attractive. The progeny of an original pair of harvest mice may be passed on to interested friends to establish colonies.

Michael Woods

Fishing/Tom Fort
Farewell to a legend

I HEARD some sad news in Ireland recently. I heard it in a suitable place, beside the finest and most challenging trout river in the land, the Suir in County Tipperary.

It was news of a man who had, in a quiet, unintentional way, made himself a legend of that river. Wa had driven to Cahair from the Blackwater seeking respite from a fishless hours after salmon (that evening as the angelus sounded from the little chapelin Killavullen, I was to hook the only fish of the trip, and after a minute or two lose it, and taste a despair which is with me still).

We strode through the meadows downstream from Swiss Cottage, the pleasure house built by the Charteris family to decorate their estate. Beside the broad water was a tiny figure, that of a Frenchman, an old friend of my friend Niell, and a man with a deep, sustaining love for the Suir and its discriminating trout.

Jean Pierre embraced Niell, and shook my hand warmly. Then he told us that Liamy Farrell was dead, and the early autumn afternoon at once seemed a little greyer and more chill.

Liamy was a big man, with short-cropped white hair over a ruficund face. Many years before any of us had known him, he had been employed (there was doubt as to whether

work was the right word) for the Post Office. He had had an accident and been invalided out of the service with a disability pension and a limp which did nothing to inhibit his sprightly progress up and down the river.

The Post Office's loss was much to the benefit of the Suir and its fishermen. Liamy gave to the river as he took from it, fiercely defending it against those he identified as its enemies: poachers, polluters, rough types from Cork and for many years acting as a highly conscientious secretary for the Cahair Angling Society (from which tickets to fish many miles of water can be had absurdly cheaply).

Although Liamy occasionally strayed as far away as the Blackwater, the Suir was his passion. He had a genius for water, to a degree I have only encountered in one other fisherman; and he, too, was an Irishman.

Through his almost daily communion with the river, Liamy acquired an immense knowledge of its weed-rich depths, blessedly abundant fly life, and its teeming trout.

Even more remarkable than his watercraft was the way he chose to fish. I have never seen anything to match the Liamy Farrell technique. The man had only one rod, and it was not a thing of beauty: a severely functional glass fibre spinning rod which looked as if

it could have subdued a smallish shark.

With it, Liamy spun for salmon and trout, and wormed for salmon and trout. And with it he also contrived as quiet and elegant and efficient a presentation of a dry fly as I have ever witnessed.

The trout of the Suir demand a finesse which is beyond such

as me. Their larder is well-stocked, and rarely do they do more than pick at the juicy olives above their heads. Persuading such a well-fed canny creature to take an artificial seems more like magic than skill.

It was beyond me again that afternoon, as on so many before. You must present the right fly in the right size delicately, without drag, again and again, as often as not in a fierce downstream wind; and keep at them, until a fish rises at last, and you miss him, or he breaks you.

It is testing stuff, and brings

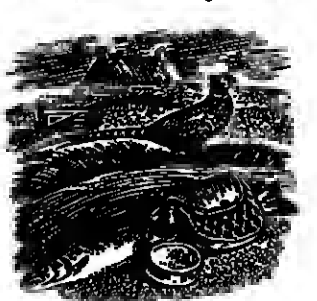
home to you in a way unimaginable with the bloated, slow-witted stockies of the English chalkstreams wherein lies the true art of the dry fly.

Day in, day out, Liamy hunted tirelessly up and down that river, duping those epicureans with the wispy little flies which he ran up in the shed at the back of his council house. And as his fame spread, so did he gather a band of disciples, youngsters who fished Liamy's way, employing their ten foot spinning rods with the delicacy of a wand. It was as if a great goffer had opened a coaching school, at which pupils were encouraged to use croquet mallets rather than clubs.

And the disciples caught fish, although not so many nor as big as Liamy did. He was a quiet, slightly secretive man, parsimonious with information about the scenes of his triumphs; ever modest and self-deprecating in his soft, murmuring Tipperary accent.

At the end of April, Liamy came to the Suir. He was 6'6in on one of the heads below Swiss Cottage. Within a month he was dead.

The mass of trees along the river were coming into leaf then, and when we were there they were just turning, showing autumn's gold. Beneath, the Suir ran as clear and bountiful as Liamy Farrell would have wished to remember it with those damnably difficult trout still rising merrily away.



A bird in the box is worth...

A GHOSTLY white bird floating across the road in the dark just glimpsed in the headlights is the only view many people have of a barn owl.

Sadly for many owls it is their last sight of anything as, with their eyes blinded by headlights, they crash and perish. But road verges are one of the few hunting grounds left to them, especially in arable areas where hedgerows have disappeared. There, in rough grass, barn owls can find the voles and mice they need to survive.

For over half a century, barn owls have been in decline in Britain as their food habitats and their nesting sites in old buildings have disappeared.

For almost the last 20 of those years it has become increasingly popular to breed these owls in captivity and to release their progeny into the wild.

Owls have been farmed out to individuals who felt they were doing something positive for the survival of the species. After all, these rather ugly, large-headed, fluffy young, with their far more beautiful, speckled-plumaged mothers, were living proof of the conservation effort they were making.

But it is now known that this is far from the case. According to the Hawk and Owl Trust, some 3,000 young barn owls are released each year - when the total wild population is only 4,500. If all that was needed were more

owls, then you would have expected a population explosion. But this has not happened, for young birds, bred in captivity and inexpertly released, are pathetic at adapting to the wild.

The British Trust for Ornithology suggests that only 10 per cent survive and it doubts that captive-bred barn owls have boosted the wild population at all. The real problems - food and lodging - were being missed.

The lack of nest sites is simple to deal with - erect an owl box. The big difficulty is the lack of rough grassland. It is the need to increase this habitat, and hence the number of mice and voles which live there, which has been such a problem.

The recent changes in agricultural policy, leading to the establishment of schemes such as set-aside, together with the extension of Environmentally Sensitive Areas, could see the restoration of many acres of rich grassland.

That need for funds to monitor this work, in order to better advise and plan for the future, is the basis of a new appeal from the Royal Society for the Protection of Birds.

With more food available, captive-bred barn owls may survive better after release. On the other hand, with its basic needs attended to, the existing wild population may grow unaided and captive breeding can cease.

Michael Woods

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WEEKEND FT SPECIAL REPORT - ARTS SPONSORSHIP

Recession puts damper on corporate aid

THE BRITISH government is threatening to cut back on its financial support for the arts; hard-pressed local authorities are finding it difficult to maintain their funding; and box office receipts have been hit by the recession. In this triple whammy for the administrators of the nation's arts companies and venues, there seems one possible saviour - the corporate sponsor.

Sponsors are being courted as never before but, unfortunately, business is none too prosperous. Companies which are closing factories, reducing staff levels, freezing dividends and fighting to re-build profits are not in the strongest position to increase their commitment to arts' sponsorship.

Colin Tweedy, director-general of the Association of Business Sponsors of the Arts (ABSA), expects that its annual audit, to be released in November, will reveal a standstill in sponsorship spending for 1993. A year ago, sponsorship in the UK was estimated at £64.4m, showing a 14 per cent rise in the year.

The figures disguised a remarkable switch in funding: direct sponsorship had leapt by 28 per cent to £57.5m, while money invested in corporate membership schemes had fallen by 37 per cent to £7.8m. Obviously, companies cut back on entertaining – on the seats at opera houses, theatres and concert halls that were not always used efficiently – while still believing that funding arts events was worthwhile, despite a recession.

Few companies wished to endure the embarrassment of withdrawing from sponsorship commitments; and while certain traditional supporters – prominent among them the banks, insurance companies and oil multinationals (with NatWest, Royal Insurance and BP as representative cases) – froze or reduced their arts budgets, there were enough new sponsors, or committed backers, to keep up the good work.

Companies are being courted as never before, says Antony Thorncroft, but money is not easy to come by



"The Painter", by Philip Guston, one of many pictures in the "American Art in the 20th Century" exhibition at the Royal Academy, London W1, and the Saatchi Gallery, 98a Boundary Road, London NW8, until December 12. This exhibition, backed by Merrill Lynch, the Daily Telegraph and American Airlines, shows how arts' sponsorship is a rapidly growing area for many diverse businesses. But recessionary pressures are squeezing those seeking help.

like Becks Bier, Haagan-Daz and Levi which want to improve their appeal to an affluent youth market by sponsoring trendy arts events).

The balance between the differing motivations is changing, though. Old-fashioned patronage is declining as a prime factor: even M&S is not active to some public appreciation of its generosity. Entertainment will always be important (look how easy it was for Glyndebourne to raise £33m, mainly from business, for its new theatre) but the driving force behind sponsorship in the past year has been the marketing man.

To justify spending the money to boards, shareholders and workers, arts sponsors have to make out a case - and sponsorship as a means of improving corporate or brand image, or actually boosting sales, is the most effective case.

Of course, many sponsorships still are determined by the enthusiasm of the company chairman for a particular art form, but the power of the marketing men is growing. Even the UK's biggest sponsor, BT, watches closely the media coverage of the events it fructifies with its £1.8m annual spending. When the South Bank's

tising agencies have failed to get to grips with sponsorship. But it was a leading agency, Bartle, Bogle, Hegarty, which suggested that its Whitbread brand, Boddingtons beer, should back an annual Manchester arts and television festival, and that the advertising should revolve around the sponsorship.

BMW sponsored a Renault show at the Royal Academy through its BMW-8 series, with a model of the car displayed in the courtyard; Unilever backed Royal Shakespeare Company productions at the Barbican through its Persil, Comfort and Flora brands; and the Fabergé exhibition coming soon to the Victoria & Albert will promote both Fabergé and Brut toiletries. Crosse & Blackwell, a Nestlé brand, has just signed a £2.2m, 30-month deal to sponsor the weekly *Masterclass* programme on Classic FM, a national radio channel.

It is true that one attraction of sponsoring through a brand, rather than under the corporate name, is that the event can be credited to a first-time

sponsor and, thus, qualify for some of the £4.5m that the government finds each year for the business sponsorship/incentive schemes (which is designed to encourage new sponsorships). But, even without the BSIS, branding is a growing force in sponsorship. It is encouraged by the development of another prerequisite of modern marketing: evaluation.

One insurance company, Clerical Medical & General, decided that it would invest more heavily in arts sponsorship. Before it committed a \$100,000-plus budget, it undertook a \$15,000 evaluation study of the audience for the arts and its reaction to sponsors. The results were encouraging, and the company will continue to switch money to the arts. It is also selling the findings, through ABSA, to other cau-

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tious sponsors. Hill & Knowlton, one of the PR companies now eyeing the money in arts sponsorship, also has an evaluation package on offer to sponsors.

Clerical Medical also is involved in another of the new trends in its sponsorship of a Channel 4 television series, *The Concorist*. This development is a double-edged sword. If companies decide to sponsor the arts through broadcast programmes, it could reduce the money available for the living arts. Classic FM attracted more than £4m in sponsorship money in its first year through

programmes like the British Gas-backed *Classical Gas*. In the past few weeks, Prudential has invested £100,000 in the station to advertise its annual Prudential Award for the Arts, an annual £300,000 package which remains the largest cor-

porate-sponsored prize in the field.

Nestlé exemplifies neatly the way the business is going through its £2.2m *Masterclass* deal. This also manages to fulfil one of the perennial attractions to sponsors of arts sponsorship in being educational and aimed at youth. Many companies still help the arts through their charity budgets (the size of which is linked to their profitability), syphoning money into educational activities. Perhaps the biggest sponsorship announced in the past year was the £5m Hanson has committed over many years to

Some predictions about arts sponsorship have failed to develop. After the great splurge for the Japan Festival in 1991-92, which attracted £12m in direct sponsorship from Japanese companies in

the UK, Japanese business has held fire (largely because of economic problems at home). The whole area of payroll giving and private patronage, the main way of funding the arts in the US, also has marked time because the government's tax incentives were just not large enough.

The past year has placed great strains on the increasingly professional development managers of the UK's arts companies, whose task is to bring in ever-higher levels of sponsorship to keep their organisations going. They are being forced to offer more in terms of publicity and back-up to keep existing sponsors faithful, and to attract new backers. Often, they have to accept lower sums in return for a sponsorship or to put together packages of sponsors sharing the cost.

Media coverage – or, rather, the lack of it – remains a key restraint on sponsorship. ABSA reckons that 62 per cent of sponsors now get credits, which is an improvement but still not a convincing figure. The lack of support from the BBC when it broadcasts sponsored events is a particular cause for concern.

Arts sponsorship remains a self-contained industry. In spending terms, it might be only a fifth the size of sporting sponsorship, but it is growing more rapidly because it offers sponsors an affluent, opinion-forming audience as well as the added publicity of being part of a well-regarded cause. It has felt a warm glow. It has attracted remarkably few parasites: there are still only five established consultancies—Kallaway, Crowcroft, Spens, Anthony Fawcett, and Arts and Industry—on hand to offer clients advice and organizational skills. They have been joined by ABSA, which is leading a commercial consultancy service to its successful hobbyists role.

Sponsorship will struggle to grow in 1994 as long-term commitments come to an end and are not renewed. (Few think a sponsorship should last forever). But its blend of altruism and commercial advantage are getting known better - and appreciated - and there are still thousands of potential corporate sponsors in the wings.

Perhaps the most encouraging feature of the industry's development is that the fears of the more puritanical arts administrators - that sponsors would interfere with artistic choice, or encourage presentation of the bland and the commercial - have not come true. In the main, sponsors feel it is a privilege to be associated with the arts, although harder times are forcing them to assert their financial muscle. That means the arts can expect more searching assessments from their sponsors.


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WEEKEND FT SPECIAL REPORT - ARTS SPONSORSHIP

aid. Hard-up groups join rush for rich benefactors

HERE IS hardly an arts company, museum or art gallery in the UK that is not actively seeking support, largely financial, from sponsors. Some organisations - the Glyndebourne festival is the classic example - depend totally on business and private supporters, and their box office, to exist.

Not that the absence of a government subsidy worries Glyndebourne. When it re-opens in May in its brand-new theatre, the first production, Mozart's *Le nozze di Figaro*, will be sponsored by Rothschilds.

Two more of the season's five productions already have sponsors in Lehman Brothers and Unilever. And this is on top of the £33m raised to finance the new auditorium, 90 per cent of which comes from business supporters.

Glyndebourne has been going for 60 years. But many newer arts companies are equally successful at selling themselves to sponsors. The Docklands Sinfonietta is only in its fourth year but has attracted nearly £200,000 this season from sponsors like Morgan Stanley and Amerasia Hess, and the London Docklands Development Corporation. It has two attractive selling points, on top of its music: it is based in an economically deprived part of the country and it has strong educational and community programmes. These have brought it support from Texaco and Tate & Lyle.

Arts organisations have discovered that it is much easier to raise money for educational, youth and community projects than for their mainstream activities. Sponsors find their boards are more likely to nod through what seem like charitable donations. The organisations know that to get funding from the Arts Council and local authorities

these days, they must provide a comprehensive educational and community programme so that any sponsorship money devoted to these causes frees resources for other creative activities.

The development manager in arts companies, charged with raising sponsorship money, has become a key executive. The personality and the co-operation of the artistic director is still crucial in keeping sponsors happy, but the development manager now takes on much of the burden, especially the socialising after events where the corporate guests mingle with musicians, dancers or actors - a popular element in many sponsorships.

Successful development managers are flexible. The days of the mammoth £200,000-plus sponsorship for a single event are over. They are prepared to accept smaller sums in return for a sponsorship, and to put together packages of sponsors. So, the Royal Opera House, Covent Garden (still the most supported arts organisation, with an income of £5.1m from sponsors, corporate and private friends, and grants in 1992-93), has persuaded Cable & Wireless to sponsor its grand new production of the year, *Die Meistersinger* (which opened yesterday), for a modest £100,000. The rest of the production cost has been found by the Friends of Covent Garden.

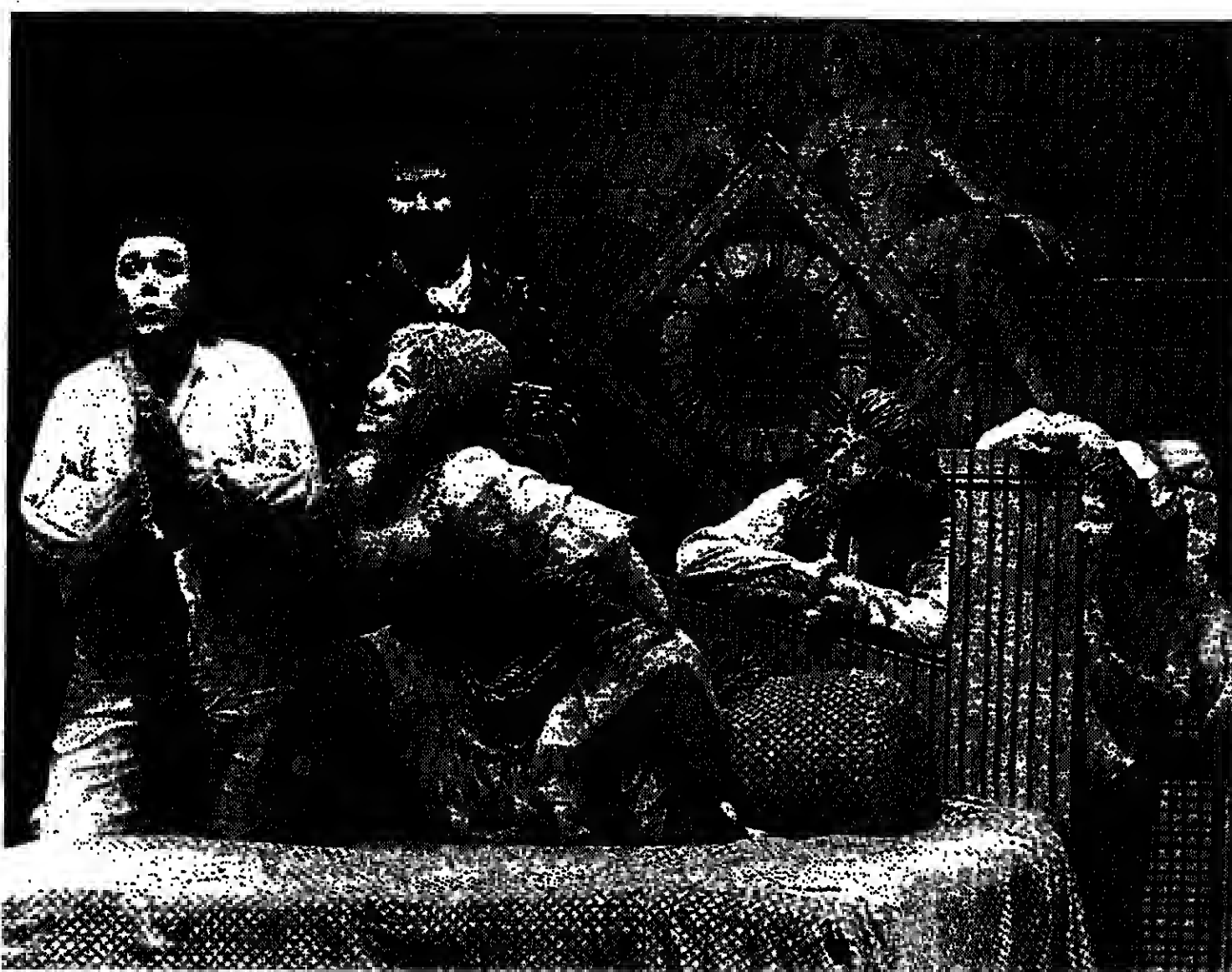
The Royal Academy is particularly successful at creating joint sponsorships. Its present exhibition, of 20th century American art, has porate guests mingle with musicians, dancers or actors - a popular element in many sponsorships. Successful development managers are flexible. The days of the mammoth £200,000-plus sponsorship for a single event are over. They are prepared to accept smaller sums in return for a sponsorship, and to put together packages of sponsors. So, the Royal Opera House, Covent Garden (still the most supported arts organisation, with an income of £5.1m from sponsors, corporate and private friends, and grants in 1992-93), has persuaded Cable & Wireless to sponsor its grand new production of the year, *Die Meistersinger* (which opened yesterday), for a modest £100,000. The rest of the production cost has been found by the Friends of Covent Garden.

Merrill Lynch as its one main sponsor, but American Airlines helped with transporting pictures and curators and the *Daily Telegraph* is the useful media backer to provide publicity (see picture opposite).

The RA is successful in attracting sponsors because it offers an excellent environment for entertaining corporate guests, has a smart image, and offers sponsors the opportunity of a guaranteed against loss - with the outside chance that an exhibition might produce a surplus to share out. The National Gallery and the Tate share the advantages of attractive rooms for corporate hospitality, plus an unrivalled reputation for the quality of their exhibitions.

They can afford to be selective and prefer one sole sponsor. This month, British Land is backing the Tate's Ben Nicholson show and has arranged that all its 8,000 shareholders have access to special evening viewings. In the New Year, Ernst & Young sponsors a major Picasso show. The National Gallery has fewer special exhibitions, but Esso remains its long-term supporter and is behind the present re-assessment of the Wilton Diptych.

The museum which has taken the hunt for sponsorship furthest is the Victoria & Albert. In addition to finding Far Eastern corporate sponsors for its renovated Korean, Japanese and Chinese galleries, it typifies the new flexibility. Pearson, owner of the FT, is backing two important scholarly exhibitions in the near future: on the work of Pugin in 1994 and William Morris in 1995. Samsung, backer of the Korean gallery, and Mobil are funding scholars for three years to work in the field of Korean art and Victorian studies. Pilkington is providing help in kind: an impressive glass balustrade for the new Glass gallery opening in January.



Out with the old, in with the new... a scene from *The Rake's Progress* at old Glyndebourne. The new theatre, which opens in May, depends entirely on sponsorship

Loaning the expertise of corporate executives to an arts organisation, on a daily or long-term contract, is another potentially important form of sponsorship which is formalised in ABSA's Business in the Arts scheme. Another new approach is favoured by Jeremy Isaacs, Covent Garden's supremo. He is looking for sponsors who will subsidise seat prices at particular performances, so enabling students and the less advantaged to enjoy a trip to the opera or ballet.

This is an extension of the successful Midland Proms season at the ROH. Research by insurance

company Clerical Medical on the way audiences see arts sponsorship suggested that many people regard reducing the cost of tickets as the most acceptable form of business involvement in the arts.

One encouraging feature for development managers is that companies now are much more prepared to support the avant-garde and regional events. The lure of the tested and tried in the metropolis is less powerful. Some of the most successful sponsorship-getters are away from London. The Nottingham Playhouse boosted its revenue from £9,000 in 1990 to more than £120,000 this year, with Youngers

recently adding another £175,000 in a four-year deal. The West Yorkshire Playhouse has moved ahead from £68,000 two years ago to a projected £200,000 this season. An interesting initiative here was to involve the staff of Marks & Spencer in a community play, *Magnetic North*, which the company sponsored.

The top development managers are already being poached. Lucy Stont, who helped to build the National Theatre's sponsorship success, is on her way to the Welsh National Opera.

Some arts organisations feel, with justification, that they should not need to join this hunt, or become

hucksters in the market place. They believe their artistic programmes are strong enough to draw sponsors to them. But sponsors respond to well-managed arts organisations, and respect professionals.

Sponsorship, as a source of funding the arts, is not going to be replaced by enhanced government subsidies. Those few arts companies that still go through the motions in attracting sponsors will lose out. Perhaps they should apply quickly for one of the courses at leading business schools designed to introduce arts personnel to the mysteries of management. Naturally, these are sponsored - by English Estates.

NOTORIOUS Eurocratic red tape may have worked for the good of arts' sponsorship by placing a noose around a monster which could have been hugely destructive.

A frisson of panic went through the corps of sponsorship brokers with the draft report of a French Green Party MEP, Yves Frémion, which suggested sponsorship was just an inexpensive publicity outlet for rapacious big business. He cited Voltaire's remark that anybody who gives goes out of bad conscience, and suggested that those getting sponsorship money were corrupted by it. "The all-invasive presence of the brand name does not shock sportsmen much, but it does shock artists, even those who are resigned to it... Choices of sportsmen and artists are increasingly subject to the will of the sponsor," the report

A monster tamed by Europe's red tape

Simon Tait explains how the arts alone could have lost millions if an MEP's proposal had been accepted

said. Frémion suggested to the European parliament that sponsorship should be banned unless sponsors agreed not to have their names associated with it.

The damage which would have been done if this report had been accepted at next month's European parliament plenary session - blinding members to it - is immeasurable, but millions could have been lost to the arts alone. Guinness, an Irish company with huge interests in Europe (biggest brewer in Spain, owner of the biggest distillery in Germany) which sponsored the Royal Ballet's Paris season this summer, would have cancelled all its sponsorship, worth between £1m and £1.5m. And few companies could have persuaded shareholders that there was any advantage to sticking with sponsorship under Frémion's conditions.

As it was, British MEP Patricia Rawlings led an assault on the report in committee and 125 amendments have been demanded before it is considered again next month. Rawlings describes Frémion as "a nice man but quite wrong and terribly ill-informed on this."

Yet, he has his sympathisers. There is concern that sponsorship can be used to spear products into sections of the community insidiously through arts' sponsorship where advertising cannot

alcohol towards youth, for instance, through support for avant-garde music, theatre and dance.

Whatever its future, though, the report - by getting the subject discussed - could have given impetus to a bandwagon that is rolling in Europe already. Earlier this year Cerec, the three-year-old European version of Britain's Association of Business Sponsors for the Arts, commissioned a report into pan-European arts' sponsorship.

This report, funded by financial consultant Arthur Andersen, canvassed 200 companies in 10 European countries and revealed that while arts' sponsorship has been growing at 5 per cent a year for the past three, over the next three it is

expected to grow at 12 per cent annually. European sponsors also spend more than national ones, averaging £500,000 in 1992 compared with £340,000.

British companies use the arts to get them into European markets, and Rank Xerox's £200,000 sponsorship of the National Theatre's coming tour of *Sweeney Todd* in Hungary will give it valuable political as well as business contacts. Perhaps more altruistic, though, is *The Economist* magazine's decision to celebrate its 150th birthday by funding a £240,000 English language exhibition to travel in eastern and central Europe.

Anne Vanhaeverbeke, Cerec's director, says: "Arts' sponsorship clearly is a developing

culture in Europe. It is encouraging that the French electricity industry, which is to be privatised, is looking at sponsorship to raise its community profile, and this comes at a time when the French government is not generating anything like the subsidy it did."

She added that the French also were looking at adapting the British business sponsorship incentive scheme - the government's programme of encouraging business support for the arts by matching first-time sponsorships (which is itself being spread overseas with £250,000 having been allocated to the British Council this year). The French also are believed to be looking closely at the Spanish scheme where certain banks must turn over a proportion of their profits to arts foundations.

North American companies are using sponsorships to get into Europe and Northern Telecom, AT&T and American Express have been to the fore. In 1994, tobacco giant Philip Morris is sponsoring a competition European design and art students.

The British Council, the UK's official cultural gumbat,

has set about sponsorship with spectacular success. It began in 1988 by raising £670,000 but the target last year was £5.5m for all sponsorship. In the event, £7.23m was realised, £5.29m for the arts. Europe took about £2m of that but the council is concerned to attract sponsorship money beyond Europe and into the third world. Brazil and the Pacific rim have been the most successful.

Almost no impact has been

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BOOKS

Does it pass the blushing test?

Jackie Wullschlager observes the social mores revealed by the reading habits of Victorian England

READER, I married him, cooed Jane Eyre famously. But who was the reader? Some Victorian households banned *Jane Eyre* as dangerously sexy and subversive. Others welcomed it as great literature. Some critics advocated the blushing test - "if you come to a passage which you could not read aloud to your father or brothers without a blush, lay down this book, it is not fit for you". Some thought women should not read at all, but only listen, "albeit understanding little", to what their husbands read to them.

The *Woman Reader* is the story of what Victorian women read, what they were told to read, what they were forbidden from reading, and why. Out of this comes a history of the imaginative life of a century. It marches down the corridors of girls' schools, into the tea party in

the Victorian parlour, under the seething currents of attraction in the mixed reading rooms of the public library, to discover people's hopes, fears and longings via the books they read and discussed.

Books are a wonderful focus for this sort of social history. In an age before television, they were the cultural references that people shared and cared passionately about. *The EastEnders* of the classroom or the coffee morning. Ms Flint surveys reading habits recollected in memoirs and letters, contemporary book reviews, the literary prescriptions of advice manuals, the portrayal of women readers in novels.

The results show compellingly how literary responses both united people of vastly different classes and ages, and highlighted the disparity between them. "When Hildegarde Muspratt smuggled in *Story of an African Farm*, just out, the whole sky seemed aflame and many of us became violent feminists", recalled a pupil at Cheltenham Ladies College. A Lancashire working woman, reading Olive Schreiner's story of female oppression on the veldt, said "I think there is hundreds of women who feel like that but can't speak it".

Sex, authority, freedom of expression were the issues in the battles

THE WOMAN READER
1837-1914
by Kate Flint
Oxford £25.00, 366 pages

between censors and readers. Delicately, Ms Flint evokes earnest middle-class 19th-century England, where literature was seen as a tool of socialisation moulding conformity, or - if they read the wrong books - questioning, members of society. At Cheltenham, Desdemona and Ophelia were studied as victims of their own deceitfulness. *David Copperfield* and *Adam Bede*,

which featured fallen women, were thought as inflammatory as pornography. Vera Brittain talks of "that intensive searching" for saleable detail through these books, "which appears to have been customary almost everywhere among the adolescents of my generation". Harriet Shaw Weaver, discovered reading George Eliot, was dispatched to her room while the local vicar was summoned to lecture her on the errors of her ways; she rebelled absolutely and as an adult became patron and confidante of James Joyce. A 60 year old woman reading Barrett Browning's *Asura* Leigh was sure her reputation

would be ruined "if it were known that she had looked at the poem". Feminist novelists answered back. The woman reader is a subversive character in novels like *The Story of a Modern Woman*, where the heroine asks her governess "what is a lost woman, really, Miss Brown? Dickens says that Little Emily is a lost woman because she goes to Italy with that Mr Steerforth. Was Mr Steerforth a book, too?" Controversial books like *David Copperfield* became talismans in the debate on sexual morality, women's independence, the suffragettes. Social history here meets political history; in Dickens

Sylvia Pankhurst discovered "the cause of the People and the Poor". This is an immensely ambitious book which could have been a much better one. It is drenched in jargon but the writing is dry as dust. I wish Ms Flint would quote critical theorists a little less, stop worrying about metatextuality and readers' "aggressive participation", and come out boldly with her own opinion. She avoids many questions about culture's relation to politics and morality, which still matters today, and too often she gets lost in a maze of forgotten bestsellers and unheard-of memoirs.

But other eclectic details - the effect of reading on 19th century nervous diseases; Edwardian guidebooks like *Modern Marriage* and *How To Bear It* - are compelling. Ms Flint's research is superb, and most readers, of either sex, will find her books at once fascinating and infuriating.

The man who made the BBC

WHEN OCCASION demands a hero, and one appears, the whole world gains. Such conjunctions are infrequent enough. But one occurred when a vauntingly ambitious, energetic Scotsman applied for the post of General Manager in the newly-formed British Broadcasting Company. He did not know what "broadcasting" was, but he got the job; and the rest, in the unimpeachable phrase, is history.

The man was John Reith. Ian McIntyre's account of his life is based on Reith's diary, which, owing to its author's curiously powerful mixture of honesty, innocence, perversity and ambition, is a stupendous work of self-revelation - and sometimes of great literary merit. McIntyre reports that he came close to tears at times while reading it, and one sees why: Reith felt everything with the keenness of a razor, whether it was love, hope, exultation or despair; and could not forbear to report it.

Most people, however successful they appear to others, view their own lives as a chapter of failures and disappointments. Reith did so especially, because he believed with some justice that he had immense gifts that he never properly employed. Eric Linklater described him as a "Rolls Royce engine attached to a wheelerbarrow", and if Reith's own visions about his proper sphere are any measure of his gifts, they were grand: he saw himself as Prime Minister, Viceroy of India, Secretary-General of the United Nations. As it was, he did something finer and greater, though he did not appreciate the fact: he created the BBC.

Reith was the youngest son of a Glasgow Free Church minister. There was a pious household, and Reith was fiercely religious throughout his life - "Do you accept the teachings of Our Lord Jesus Christ?" he would ask BBC applicants. He wanted to attend university,

but was obliged by his father to take an engineering apprenticeship instead.

The two salient features of Reith's young manhood are his passionate love for his friend Charlie Bowser, and the first world war. For a decade he and Charlie, who was a boy in his teens when they met, were as lovers in all - it appears - but the carnal sense. They wrote ardent letters to each other, slept together, bathed naked together in Highland streams, kissed and prayed together. In the end Reith could not accept Charlie's marriage, although

THE EXPENSE OF GLORY: A LIFE OF JOHN REITH
by Ian McIntyre
HarperCollins £20, 447 pages

he had arranged it; and the bitterness of the affair's ending lasted the rest of Reith's life.

The war was a better mistress for Reith. He revelled in the challenge, and were it not for his arrogance and corner-cutting, which put him at odds with superiors, he might have shone. But after 11 months in the trenches he was hit in the face by a sniper's bullet, and took the resulting dramatic scar to America, where he was posted as supervisor in an arms factory producing rifles for the British Army. Here he discovered powers as an orator, and was feted as a wounded young hero pleading the case for America's entry to the war.

The infant BBC and John Reith were as if tailored for each other. Despite a curiously inclination to intolerance of various kinds, Reith had just the right mixture of principle, cussedness, conviction and vision to create a public service of excellence. He fought for the BBC's independence, nourished its growth, fiercely demanded the highest standards throughout, and after 15 years in charge left it as a model of public service



broadcasting for the world to admire - which, despite the efforts of wreckers in recent years, it still does.

The BBC gave Reith his stage. Almost as soon as he took charge he was in the company of ministers and princes, close to the heart of affairs. He revelled in it. When he left in 1938 to become Chairman of Imperial Airways he did not realise that he was relinquishing the heart of things that what was, in the light of his ambitions and talents, the margins, and that he was to dwindle there for the rest of his

days. He entered the Commons briefly, and then went to the Lords, serving as a minister first under Chamberlain and then Churchill, whom he hated; but the ministries were junior, and he was a difficult colleague: Churchill sacked him, and thereafter he growled on the fringes of public life, fretting at the waste of his hopes.

McIntyre does not hypothesise about Reith. He lets the facts speak for themselves, and they speak eloquently. Reith was a giant - a modern Magog - physically, in his talents, in

his failings and frailties. There is something gripping about his hubristic tale: when a man is enormous in his hopes and agonies he is a compelling spectacle, and although one cannot like Reith - he is too egomaniacal, vainglorious, domineering, Sabbatarian, pompous and emotionally blundering - one cannot help admiring him for his energy and grand ideals.

This is a highly readable book about a very extraordinary man.

A.C. Grayling

What happened after Manderley

J.D.F. Jones finds Susan Hill has made a good job of following up Du Maurier's best-seller

TRY THIS for a plot summary:

"A young woman, orphaned, poor, shy, plain, meets a mysterious and charming man - rich, strangely tormented, old enough to be her father - and falls in love with him. To her astonishment, he wants to marry her and install her as the mistress of his great house. But she discovers that he is married before and that the marriage has been a nightmare, yet he is trapped by it and haunted by the monstrous first wife. Under this challenge the girl grows up - becomes a woman, his equal, his mate - and then the wife is avenged in a fire and the house is burned to the ground. The consequence is that the couple can truly be together at last..."

That, of course, is the story of *Jane Eyre*, Charlotte Brontë's masterpiece of 1847.

It is also the story of *Rebecca*, Daphne du Maurier's best-seller of 1938. The parallels between the two novels have always been obvious, as have the differences in profundity, inspiration, genius. Still, *Rebecca* is Du Maurier's best book, the ultra middle-brow, middle-class English popular novel of this century, a wonderfully good read. It still sells, in millions. How clever of Mr Sinclair-Stevenson to commission *Rebecca II* in order to tell us what happened to the unnamed narrator and her husband, Maxim de Winter, when they fled from their gutted mansion, the unforgettable Manderley, to take up exile somewhere abroad.

In *Mrs de Winter* Susan Hill has made a good stab at a fascinating assignment. She knows that she has to bring the De Winters home, so she opts for the funeral of Maxim's jolly sister Beatrice; she has to revive the evil housekeeper Mrs Danvers, the villainous Jack Flavell, the decent farm manager Frank Crawley, even the magistrate Colonel Julian and the awful Mrs von Hopper.

But her best achievement is that she evidently understands

that she has to tackle the fundamental evasion of the original tale - that, when all is told and done, Maxim murdered Rebecca: that is why they are located in the prison of lifelong exile. Step aside from the persuasions of Daphne du Maurier's beguiling style and you begin to have your doubts about the chap. Why is he so weak? Fair enough, Rebecca is a prize bitch, but he could have divorced her, or thrown her out, or left her even for the loss of the house, he does not have to kill her. (Mr Rochester,

MRS DE WINTER
by Susan Hill
Sinclair-Stevenson £12.99, 374 pages

you recall, specifically rejected using "cruelty" on his Creole lunatic wife and instead considered killing himself).

On the journey back to England for the first time in ten years, Ms Hill has her (still unnamed) narrator suffer a long-delayed insight into her husband: "That man is a murderer. He shot Rebecca. That is the man who killed his wife." From that moment on the plot is not really any better or more complex than most of us could embroider after a good supper, but it will do.

After the funeral the De Winters are tempted to stay on in England; she sets Manderley behind her and discovers a beautiful house in the Cotswolds, which Maxim eventually buys for her. But they are both still haunted by the dead Rebecca. The no-longer-so-young wife wants a baby. In a deeply implausible plot device she humps into Jack Flavell ("he was repellent, much older, seedy. And mad, I thought..."), equally absurd is the discovery that Mrs Danvers is living nearby. Mrs Danvers, the great witch of modern popular fiction, still terrifies the narrator; she knows that her beloved Rebecca was murdered and she has been biding her time, waiting to take her revenge.

So far, so good, however thin, but because the story-line is so simple the narrative has to be heavily padded, most obviously in a long digression in Italy. Ms Hill is not just a competent novelist but is also a country writer of true distinction (her *The Magic Apple Tree* is a delightful book), and she sensibly uses her skills to flood the story with even more description of English landscape than Du Maurier would have risked. But she keeps her pastiche short of parody.

She provides various references back to the original but this time the images are often reversed. There is another big party to provide a dramatic crisis, but it is an informal, happy affair in the garden; the wife visits a doctor in London, to discuss conception, not cancer; she serves afternoon tea, clumsily, to the chauffeur-driven Mrs Danvers; she is tempted again to jump to her death. But there is shown to be a maturing in her character and a development of symbol: she cannot have a child, for example, because the old life is still too potent.

One achievement of this exercise, paradoxically, is to remind us of the weaknesses in the original: the sentimentalisation of Maxim de Winter, for instance; the unexplained mystery of their long exile; the irritating whimsicalness of the narrator; the under-characterisation of Maxim and of his two marriages. This need not matter in a routine, popular novel except that this one demands a comparison with Brontë's model. Consider only, in contrast, the sparkiness of Jane, the vitality of Mr Rochester (who has to go through repentance, renewal, transformation - and literal blinding - before he is rescued by Jane's offering of a glass of water and they can achieve their true and lasting marriage). My complaint to Susan Hill is that I believe that she understands this and has tried to correct the imbalance in the original. She wants to add the missing moral dimension.

A grand talent to amuse

SIR PEREGRINE Worsthorpe is usually an exceptionally charming man, a bit of a dandy perhaps, occasionally over-sensitive, but fairly well-educated and much better travelled than some of his recent articles have suggested. When it comes to an autobiography, he has the huge advantage he can write. The first 100 pages or so of *Tricks of Memory* are sheer delight. Worsthorpe turns out to be even grander by background than some of us had assumed. Not only was his step-father Montagu Norman, the governor of the Bank of England, a fact which was already well known; Norman's younger brother, Ronnie, was chairman of the BBC. There were good connections all over the place. The younger brother of Winston Churchill married the sister of Worsthorpe's grandmother. There were frequent visits by Winston himself to the Worsthorpe domain, sometimes with the

young Perry in sole charge. None of this is told in a spirit of boasting. Indeed it sometimes seems that Worsthorpe's subsequent iconoclasm as a journalist was a reaction to being surrounded by the great and the good in his youth. His mother, though as well-off and well-connected as the rest of them, was distinctly a progressive and became more so as she grew older.

Worsthorpe's attachment to her in the early years was not great. He thinks she sent him

TRICKS OF MEMORY
by Peregrine Worsthorpe
Weidenfeld & Nicolson £18.99, 290 pages

to the wrong school - Stowe rather than Eton - out of perversity. It was not until Worsthorpe turned down a place in the City, which all the family advantages could have offered him, that his step-father and mother came to take him seriously. From Montagu Norman this may seem odd, but he was a very unconventional central banker. He went to work either in a Lincoln, because a Rolls-Royce would have looked too ostentatious, or on the underground from Notting Hill Gate.

Worsthorpe slipped into journalism more by accident than design. Again the family connections helped, but could be misleading. He went to head office of the *Glasgow Herald* on the assumption that he had been appointed deputy editor; in fact, he was a deputy sub-editor who never wrote a

word. Still, he stuck it out for two years, mixing between fellow sub-editors and some rather grander Scottish acquaintances, introduced to him through the family.

He did not get on well with everyone he met. When he went to *The Times* and, as correspondent in Washington tried to report the Republican Party thinking of the day, he was told: "It is not the job of *The Times* newspaper to provide a platform for reactionary rant." When he moved to the *Daily Telegraph* and went on the extended Harold Macmillan tour of Africa, in his thoughtful new biography of Saint-Ex he quotes a contemporary description of her: "... a typical South American: small and graceful with strikingly beautiful hands and arms. Her black eyes were captivating, rather like small stars, and her skin was wonderful". She became immortalised as the solitary desert Rose defended from attackers by its sharp thorns in Saint-Ex's charming fable, *The Little Prince*.

He had met her in Buenos Aires during an Alliance française lecture tour for French writers. The year before in 1930 Saint-Ex had published his first novel *Courrier Sud* (*Southern Mail*). It was based on his experiences as a pioneer aviator for Aeropostale opening up the route from Toulouse to Dakar, and his glamour as author-aviator proved irresistible to the bohemian French lecturer, whose maiden name was Consuelo Suncin de Sandoval. She was in her mid-twenties and so was he. But unlike him she had already been married to another legendary literary man, the Guatemalan duellist Enrique Gomez Carillo.

Saint-Ex was still sexually naive after a protected Catholic French provincial upbringing. He had had one cello affair with Louise de Vilmorin, yet another novelist and later a friend of Nancy Mitford. She was the sort of match Saint-Ex's aristocratic family hoped he would make, but

A Biggles with brains

IT IS March 31, 1931. André Gide writes in his *Journal* from Marseille: "Greatly enjoyed seeing Saint-Ex-péry again... back in France barely a month now, he has brought back from Argentina a new book and a fiancée. Read one, seen the other. Consuelo is lovely, but more for the book (*Vol de Nuit*, *Night Flight*, it won the Prix Femina); I hope the fiancée is as satisfactory..."

At first she was, magnificently satisfactory, but became less so as the years passed. Paul Webster, the Guardian's man in Paris, in his thoughtful new biography of Saint-Ex quotes a contemporary description of her: "... a typical South American: small and graceful with strikingly beautiful hands and arms. Her black eyes were captivating, rather like small stars, and her skin was wonderful". She became immortalised as the solitary desert Rose defended from attackers by its sharp thorns in Saint-Ex's charming fable, *The Little Prince*.

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that had petered out. Instead he married Consuelo in 1931. As Webster shows it proved to be a stormy union, a case of Beauty and the Beast, generating much acrimony but never resulting in complete loss of love and respect.

Consuelo must have known from the start that she was in competition with a deadly rival, the air. Saint-Ex was a French Biggles, an overgrown schoolboy who possessed a surprisingly fine mind. Airborne, he experienced Yeats's "lonely impulse of delight", was like T.S. Eliot's "Gutterierrez, avid of speed and power" and

ANTOINE DE SAINT-EXPERY: THE LIFE AND DEATH OF THE LITTLE PRINCE
by Paul Webster
Macmillan £17.99, 276 pages

his career might easily have inspired Auden's *Journal of an Airman* ("You are a man, or haven't you heard? That you keep on trying to be a bird"). In those days flying was matter for poetry. The pilots wore their goggles and leather jackets, their controls freezing up, and their not infrequent crash landings, still exert a potent magic, as Michael Ondaatje showed when he re-created the whole era in *The English Patient*.

In the course of his flying hours Saint-Ex had several spectacular prangs. He lost control of one of the early French flying-boats narrowly escaping drowning. But it was his desert landings while flying over the Spanish Sahara that gave him his greatest thrill. *Wind, Sand and Stars* - the English title of his most intellectually probing book says it all. In searching for a colleague marooned in the desert, captured by nomadic tribesmen, he landed on a 300-metre high plateau. "These untrodden few acres of the world, which he saw as a tablecloth spread under the apple-tree of the night sky, contain the elements

of the innocent poetry of *The Little Prince*," says Webster.

As a writer Saint-Ex belongs firmly to the Right, the Romantic French Right though he never joined forces with Maurras or anything noxious of that kind. One of his greatest friends was a Jewish anarchist, Léon Werth, with whom he shared an admiration for Pascal. They marvelled at Pascal's prose, discussed Pascalian apologetics and then played chess together. The combination of man of action and thinker is an attractive combination that colours all Saint-Ex's writing. At his best it does have a Pascalian clarity.

His thoughts during the Fall of France were set down in *Pilote de Guerre* (*Flight to Arras*), 1942. Though by then more than 40, he was still flying dangerous reconnaissance missions. Up in the cockpit Saint-Ex sees the result in human terms of the endless streams of peasant villagers fleeing in the face of the German advance, and he muses on the futility of it all. From his Olympian vantage-point he works out a philosophy of regeneration through sacrifice.

He escaped from France and spent years from 1942-1944 in America. He remained however a Fénelon nursing an ineradicable hatred of De Gaulle. He seems, in this face of worsening relations with Consuelo, to have conceived a death wish and he somehow succeeded in 1944 in getting accepted for flying duty once again. He was signed on to make sorties on the Mediterranean Front. Three months later he remains a mystery; there were persistent rumours of suicide; it must have been a death Saint-Ex had rehearsed more than once. Webster covers the whole of St Ex's career adroitly while keeping his own feet firmly on the ground.

Anthony Curtis

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Malcolm Rutherford

ARTS

A way of happening, a way of mouth

ALFRD Lord Tennyson was very fortunate that the Duke of Wellington died when he did. It was in 1832, just two years into his Laureate-ship, when he was called upon to write an ode on the death of the man who had been England's national hero since Tennyson's early childhood.

Ten thousand copies of the "Ode on the Death of the Duke of Wellington" were sold to the crowd that made its way to St Paul's on September 14 1832. As Dickens commented at the time, the nation seemed to have gone "funeral mad". Then, two years later, came the disastrous Charge of the Light Brigade in the Crimea. By 1862, Tennyson was so prosperous that he turned down an offer of £20,000 to do a reading tour of America.

That poetry, albeit of an orotund, drum-beating kind, should have played such a prominent part in England's national life is quite inconceivable today. For more than half a century poetry has been in thrall to the academy, a subject of serious, nit-picking study - but seldom of popular acclaim. Now there

are some telling signs that poetry may be shifting towards the centre ground again.

Next week, for example, BBC2 is screening a series of innovative poetry programmes. In *Poet's News*, a five-minute programme to be screened after *Newsnight* every night, poets will be commenting in verse upon the day's news; *Poems on the Box* will feature unscheduled appearances by individual poets, actors and popular entertainers, including Michael Palin, Ian Dury, P.D. James and Neil Tennant of the Pet Shop Boys; and, *Reverse*, a 40-minute anthology in documentary form of readings by and interviews with some of the greatest 20th-century poets, makes use of much rare archival material. T.S. Eliot intones majestically before an imposing BBC microphone that, looks as large as his own head; Stevie Smith, rocking back and forth in a hammock, and seeming thoroughly mad and eccentric,

reads her *tour de force* "Not Waving but Drowning". W.H. Auden, face puffed and puckered like an old walnut, explains how the verbal magic of poetry is related to other kinds of magic.

Poetry is also beginning to attract the kinds of promotional sponsorship that literary fiction secured when the Booker was established. Last year the Forward Prize for Poetry was established with a £10,000 cash prize for the best collection of the year, and smaller prizes for the most promising newcomer and the best individual poet; this year, the Forward is joined by the T.S. Eliot Prize, administered by the Poetry Book Society, which will be awarded in January by Valerie Eliot, T.S. Eliot's widow - also for the year's best collection of poems.

Public readings of poetry are on the increase too. In London alone, for example, there is a poetry reading somewhere every night of the week - consult the *Time Out* listings for further details. The Arts

Council Poetry Library at the South Bank Centre, which celebrated its 40th birthday this year, reports a steady increase in loans in recent years. According to a recent edition of *Cultural Trends* from the Policy Studies Unit, there was an eight per

Michael Glover explains the appealing power of poetry and its increasing popularity today

cent drop in public library loans from 1988-90 to 1991-92. Over that same period loans from the poetry library increased by an average of 10 per cent annually; and since its move to the South Bank four years ago, its membership has doubled to 11,000.

Yet the most important questions of all still beg for an answer: if poetry is once again increasing in popularity, what does its revival represent - and why are people turning up in increasing numbers to hear poetry read in public?

In primitive cultures, the bard was the embodiment of tribal wisdom, the repository of the collective memory - and some residue of that attitude towards the poet and his function remains even today. Consider, for example, the importance of poetry in Russia in our century. (Metre and rhyme, that have themselves undergone a post-modernist revival in recent years are, of course, powerful aids to memory.) The poet's current role, in the words of the Guyanese poet John Agard, this year's first writer in residence at the Poetry Library, is to "deal with epiphanies" in language honed, polished and compressed until words read - and sound - like "the splendours of speech newly found"; or, in the words of Robert

Graves, the poet "does a little bit of magic by... putting a ring around a particular experience". As long as people require moments of reflection, it seems, they will need poetry (as was evident in the aftermath of the Hillsborough disaster when many sympathisers sent poems of condolence to newspapers) - and this means that in spite of the enormous changes in the way poetry has been written down the centuries, it continues to fulfil a time-honoured role: to speak of deeply felt and often intimate things that cannot be rendered so powerfully or so effectively in prose.

And yet, it is also true to say that poetry has never had a specific function. Poems are constructs made of words that are ultimately beyond paraphrase - dismantle them and you are left with meaningless bits and pieces strewn about the floor. It merely represents another way of using language, a way that is often tighter and more powerful than the narrative-driven

novel or the essay; but to define its function is ultimately impossible.

What is the meaning of music or painting? People find their own uses for poetry. To some - usually a minority in any society - poetry makes some deep seated appeal to our questing and imaginative natures; it is almost as if there is a poetry-shaped hole in some human beings that demands to be filled. Yet, as W.H. Auden, one of the greatest of 20th-century poets knew, poetry is ultimately useless: none of his poems, he once remarked, had saved a single Jew from the gas chambers; and in the great elegy to W.B. Yeats that he wrote soon after Yeats's death in 1939 - the very first poem of Auden's years of American exile - he summarised the function of poetry in the way it can probably best be summarised, in verse:

"For poetry makes nothing happen: it survives/ In the valley of its making where executives/ Would never want to tamper/ flows on south/ From ranches of isolation and the busy griefs/ Raw towns that we believe and die in: it survives/ A way of happening, a mouth..."

Painting is life or death, every time

Lyn MacRitchie talks to artist Dorothea Tanning

IT IS sometimes the case that all the future themes of an artist's work are encapsulated in an early canvas. "Birthday", created by Dorothea Tanning in 1942, is one such painting. A self-portrait, exquisitely drawn and delicately coloured, it shows the young artist standing bare foot and bare breasted in front of a perspective of open doors, a furry familiar, half beast, half bird at her feet. She wears a purple doublet, and a skirt trimmed with branches which on careful examination can be seen to turn into naked female forms just where they should be sprouting into twigs.

"Birthday" did more than get the theme for Tanning's subsequent work. It also brought her Max Ernst. The great surrealist painter, acting on behalf of his then wife, Peggy Guggenheim, was selecting work for a group show of women artists. Tanning had already been signed by the dealer Julien Levy, patron of the Surrealist exiles in New York, who recommended that Ernst see her. "Birthday" was on her easel when he called. It is easy to see why he made sure he came back. They married, in a double ceremony with Man Ray and Juliet Browner, in 1946 and were together until his death 30 years later.

Tanning, born in Galesburg, Illinois in 1910, went into training for her future life at an early age, escaping the confines of the small midwestern town and a strict Lutheran upbringing by allowing her "raging imagination" to roam, assisted by a diet of Carroll, Wilde, Flaubert, Poe and Coleridge. In 1930 she left for Chicago, determined to become an

artist. It was not until she reached New York in 1936, however, that she found the confirmation she was seeking. Visiting the exhibition "Fantastic Art, Dada and Surrealism" that year at the Museum of Modern Art she felt she was experiencing "an explosion." "I thought of myself as an artist who was doing and painting things from my imagination. When I saw that show, I saw that other people were doing it, it was not proof of a sick mind but an adventurous one..." she told me.

Some of her works painted over the next 15 years have become classics of surrealist painting, delineating the landscape of repressed sexuality, and desire with a unique authenticity as well as high graphic and painterly skill. Tanning's dark world, where young girls contemplate monstrous flowers or mysterious closed doors, or heap on each others' shoulders in delicious twists of buttocks and faces swirled with tearing drapery and flying hair seem not so much prurient fantasies as accurate depictions, faithful renderings of troubled and troubling feelings.

She does not shrink from the explicit. "Interior with Sudden Joy" 1951, includes a rosy detail wrapped in a sinister twist of drapery which makes very clear the source of that joy the two knowing girls have discovered. This picture was painted in Arizona, in the little house she and Max Ernst built on top of a hill in Sedona, where they lived surrounded by vistas of desert and sky. Conscious of the interior nature of her own inspiration, Tanning worked indoors. "Then as now the depths of nature can crush an artist's brain. I have seen it happen," she wrote. "So I lock the door and paint interiors." She denies that her paintings are particularly erotic. "Eroticism is in all of us - there is some of that in my painting, but it would be a shame to say that that is all there is... They are about the essential humanity in all of us."

The progress of her work, and the Camden show includes selected works from 1942 until 1992, is a progress of size rather than content. This prog-



The picture that captivated Max Ernst: 'Birthday', 1942 by Dorothea Tanning

ress begins in the 1950s, when the paint gets thinner and the figures larger, the nature of their relationships more clearly defined. In "Death and the Maiden", 1953, a man holds a young girl into the air, crushing her thighs against his chest. In "Family Portrait", 1954, the huge figure of the father looms over the table. While the wife is reduced to a tiny provider of food, the budding daughter presents herself to the viewer, her sexuality both the source of the painting's tension and the means towards her liberation. In "Tableau Vivant", also 1954, the begging family dog has assumed a rampant role, the young woman, how naked, swooning between his paws. For the next 30 years dogs and naked flesh fill ever bigger

canvases, their swirling forms combined in a cosmic dance of sensuality and liberation not to everyone's taste. Some spectators at the private view even doubted if these works were by the same artist. Tanning was shocked by this, but philosophical. "People always want to pigeon hole you... once they know something, that is all they want." She herself has no doubts about her progress. "When I look at the early works, I couldn't paint like that today, with those tiny little brushes. It happens with time, with the epoch - if someone did that today it would be an anomaly."

With typical persistence, she spent five years between 1969 and 1974 making objects from cloth, sewing black velvet fetishes and whole stuffed inte-

riors with writhing figures breaking through the walls. The examples at Camden are some of the best works in the show, the skill of their construction and the power of their imagery striking and fresh even now when installations are a gallery commonplace. Though she is now too frail to continue to paint large canvases, Dorothea Tanning is still hard at work, with drawings, watercolours and collages engaging her ever fertile imagination. At 83 she says, "The act of making a new painting is like jumping out without a parachute - it's life or death every time."

Dorothea Tanning: Works 1942-1992. Sept 17-Nov 21, Camden Arts Centre, London NW3 6DG. Tel 071 435 2643

Courageous writer wins Nobel Prize

IT WOULD be a great pity if the award of the Nobel Prize for Literature to the black American novelist Toni Morrison were to be seen as merely another gesture of political correctness because it rewards the work of a courageous writer who has charted new territory for the modern novel in a hard clear prose that has the resonance of poetry. The picture we get of the lives of black people in America from a novel like *Beloved* (1987) serves as a vivid and moving corrective to the world depicted by Harriet Beecher Stowe in *Uncle Tom's Cabin*.

Morrison gives us slavery as it really was, the beatings and rapes, the cruel use of legions and mouth-clamps, the interminable punishments imposed for trivial offences. Her account is both unbearable and unforgettable through her deep understanding of the people who endured this system. She creates not merely individuals but whole families and communities and the way they transmuted their suffering into irony with consistent black humour (both senses) and a hearty appetite for the good things that such a life did have to offer at those moments

when the whip was at bay. She takes a long-term historical view showing how the system was so inhuman that it contained the seeds of its own ultimate destruction.

An uncompromising realism has been the mark of each of Morrison's six novels, combined with a willingness to experiment with form. In her most recent book *Jazz* (1992) concerning black urban migration her prose mimes the repeated rhythms and syncopations of the music. It is a remarkable effect that appears completely spontaneous but Morrison has confessed to having re-written passages many times to get it absolutely right.

Morrison is thus as much a craftsman of the novel as an engaged campaigner. She was born Chloe Anthony Wofford in 1931 in Lorain, a steel town near Cleveland, Ohio. She was the second of four children in a black family severely hit by the Depression yet succeeded in completing her education at Howard and Cornell.

Her first novel, *The Blues* (1970), had for its heroine a young black girl in Ohio who believes she has blue eyes. The heroine's incest with her father, pregnancy, and ulti-

mate insanity was a portent of things to come. *Sula* (1973) studied the friendship between two black women throughout the troubled 1930s while *Song of Solomon* (1977) and *Tar Baby* (1981) opened wider perspectives on the fate of black people and dealt with the heritage of slavery throughout America and the Caribbean.

Miss Morrison teaches creative writing at the University of Princeton. Winning this prize (worth £563,000) to be awarded in Stockholm on December 10 is likely to make Morrison's courses even more over-subscribed than they are at present. It is also likely to give a new boost to the cause of multi-culturalism in American education. Morrison has emerged publicly on television as a resolute champion of multi-culturalism in direct opposition to the views of people like her now fellow-Nobel-prize-winner Saul Bellow and the historian Arthur Schlesinger Jr who continue to uphold the primacy of the traditional white-oriented culture. It is an explosive issue that divides American academe into two fiercely hostile camps.

Anthony Curtis

Gallery headhunting

A WAITING confirmation on the prime minister's desk is the name of the next director of London's National Portrait Gallery. Rumour has it that the NPG's trustees, headed by Henry Kewick of Jardine Matheson, have selected Charles Saumarez Smith of the Victoria and Albert Museum. He replaces retiring director John Hayes.

Gossip columns claimed yesterday that waves of protest and indignation were sweeping the London art world. What has actually happened is that supporters of the defeated candidate, long-serving deputy director Malcolm Rogers, have been venting their spleen. They do so knowing that Whitehall's archaic rules governing public appointments mean that, until Number 10 pronounces, the museum, trustees, and the victorious candidate, are gagged.

Why is there such media interest in the directorship of a popular but second-rank museum? The fond hope is that Saumarez Smith, a dome-headed, mild-mannered, architectural historian, may provide juicy controversy of the kind that followed the appointment of his present boss, Elizabeth Esteve-Coll to the V&A in 1988.

The following year, eight senior curators were sacked, the museum's structure was reorganised, and voluntary charges were introduced. A lingering effect of the great V&A scandal is that museum people have developed a taste for press exposure which has earned them the reputation of the blithest profession.

At 40, Saumarez Smith is part of the trend towards appointing scholars rather than curators, a move not surprisingly deplored by the conservative faction. However, the definition of what makes a suitable museum director has become much broader. Neil McGregor's appointment to the National Gallery, now seen as an inspired choice, was criticised because he had no museum experience but was an academic art-historian. In comparison, Saumarez Smith is distinctly less of a maverick after 11 years in the V&A.

It is hard to see any intellectual basis for the petty opposition to the NPG's choice. The study of portraiture has

become much livelier since, under the influence of the "new" art history, it moved away from traditional connoisseurship (asking who painted whom) and into the domain of social history.

Saumarez Smith has written that museum scholarship should move out of its "methodological backwater governed by empiricism", and embrace instead the new interest in the relationship of artefacts to the societies which produced them. It is hard to think of a better place than the NPG for this kind of "new" - but actually, well-engrained - approach to be translated into exhibitions.

Outsiders like the idea that the museum world is split between "Thatcherites", men with clipboards spouting management-talk, and old-fashioned scholar-curators. This is a ridiculous picture. No one

now gets anywhere near the top without attending management courses. Everyone at the top realises that museums are part of the entertainment business, and that fund-raising is a *sine qua non*.

It is doubtful whether there could again be such a furor as a new broom caused at the V&A. Noises from the museum world suggest there is a merging of new and old attitudes, to challenge the crudity of the government thinking. Last month the V&A, denounced as the test-case of Thatcherised public collection, published an anonymous pamphlet. Directed at the government, it proclaims the essential part that research of all kinds, including pure research, has to play in the health of a museum. Its author is Saumarez Smith.

Patricia Morison

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THE LITTLE Opera Box company was originally formed to give open-air performances at stately homes for English Heritage, but recently it has discovered the Hackney Empire. That is a splendid Frank Matcham theatre, of exactly the right size; all it lacks is an orchestra pit. The company first tried out *Don Giovanni* there, with some success (and a minuscule, one-

player-to-a-part band.) Now its Mozart is back in tandem with a new staging of Puccini's *Tosca*. For that, Fraser Goulding conducts a Wren Orchestra, somewhat enlarged, but still a mere shadow of the composer's intended forces. The single woodwinds and lone viola and bass are eked out by a resourceful electronic keyboard (Alastair Young), which also fills in harp, organ, bells and drums. This served well enough, most of the time; but one felt for the soprano and tenor in their most intense passages, denied the trampoline that only full string-sound can provide. Those creditable singers

SPDK, King Street, St James's, SW1, 22 September until 16 October. Adults £20, £10 concessions at the Mail Gallery, The Mail (from Admiralty Arch), London SW1. Tel: 071-600 0544. Most works are for sale.

Hackney Tosca

were Bridgett Gill in the title role, and Donald Stephenson as her Cavaradossi: the one strong, forthright and sensible in her music, the other upstanding and musical - but his experience is largely in German and British operas, and the voice is not naturally geared to the shameless, heart-baring thrust of Puccini's phrases (Edmund Tracey's English text is used). Closer direction might have raised the dramatic temperature, which remained obstinately mild. The company seems to have a policy of asking singers to double as producers: just as its *Tosca* was directed by the Tosca Sacristan (Andrew Gelacher), so its Giovanni (Grendan Wheatley) staged the *Tosca*. This may be a defiant gesture against the Cult of the Producer, but the result - in *Tosca*, at least - looks no more than dim, honest routine.

Terence Sharpe's Scarpia is a near-exception. He presents the villain straight, as a bloated, baleful toad, with none of the dandyish manners that most

Scarpia like to affect. If his baritone can sound husky and colourless in recitative and in half-voice, it rose potently to the key moments. He had properly slimy blemishes in Alan Rankin-Crooks and Mark Hathaway; Ian Comboy gave the fugitive Angelotti some fugitive life, while the Sacristan semaphored broadly.

At the end the appreciative Hackney audience cheered the goodies and cheerfully booed the baddies. That was the kind of production it was. For jaded regulars like me it was a lesson to hear the score delivered so competently, but without liquid Italian voices or the gloss of a big orchestra: no disguises for Puccini's mechanical sequences, nor his barely varied repetitions of the main motifs. *Tosca* must surely be ripe for joining the same musical category as several Romantic concertos: great vehicles for virtuoso soloists of feeling, but otherwise pretty silly.

David Murray

Sponsored by Abbot Ale; further performances Oct 9, 13 and 15

TELEVISION

SATURDAY

BBC1	BBC2	LWT	CHANNEL4	REGIONS
7.00 <i>London</i> . 7.25 <i>News</i> . 7.30 <i>Worlding Together</i> . 7.45 <i>Falls the Cat</i> . 7.55 <i>Peter Pan and the Pirates</i> . 8.15 <i>Merlin</i> . 8.30 <i>News</i> . 8.35 <i>Tom and Jerry's Greatest Hits</i> . 8.50 <i>Life and Kicking</i> .	8.15 <i>Open University</i> . 8.55 <i>Macgregor's Scotland</i> . 10.05 <i>Drop Kick</i> . 10.30 <i>News</i> . 11.05 <i>Net</i> . 11.30 <i>Chinatown</i> . (English subtitles).	8.00 <i>GMTV</i> . 8.35 <i>What's Up Doc?</i> . 11.30 <i>The ITV</i> . 12.30 <i>pm Sportsday</i> .	8.00 <i>Early Morning</i> . 8.45 <i>The American Football Big Match</i> . 11.00 <i>Gazette Football</i> . 12.00 <i>Sign On</i> . 12.30 <i>pm Late</i> . In Her Own Voice.	ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES: ANGLES: 12.30 <i>News</i> . 1.00 <i>Anglia News</i> . 1.05 <i>Anglia News</i> . 1.10 <i>The Little House</i> . 1.25 <i>COOP</i> . 2.25 <i>Yogya to the Bottom of the Sea</i> . (1981) 3.45 <i>The A-Team</i> . 5.00 <i>Anglia News</i> . 5.55 <i>Anglia News</i> . CENTRAL: 12.30 <i>News</i> . 1.00 <i>Central News</i> . 1.05 <i>Central News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Granada Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Border News</i> . 5.55 <i>Border News</i> . 6.00 <i>Border News</i> . GRANADA: 12.30 <i>News</i> . 1.00 <i>Granada News</i> . 1.05 <i>Granada News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Granada Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Granada News</i> . 5.55 <i>Granada News</i> . ITV: 12.30 <i>News</i> . 1.00 <i>ITV News</i> . 1.05 <i>ITV News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>ITV News</i> . 3.05 <i>ITV News</i> . 5.00 <i>ITV News</i> . 5.55 <i>ITV News</i> . MIRAMAX: 12.30 <i>News</i> . 1.00 <i>Miramax News</i> . 1.05 <i>Miramax News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Miramax Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Miramax News</i> . 5.55 <i>Miramax News</i> . SCOTLAND: 12.30 <i>News</i> . 1.00 <i>Scotland News</i> . 1.05 <i>Scotland News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Scotland Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Scotland News</i> . 5.55 <i>Scotland News</i> . TYNE: 12.30 <i>News</i> . 1.00 <i>Tyne News</i> . 1.05 <i>Tyne News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Tyne News</i> . 3.05 <i>Tyne News</i> . 5.00 <i>Tyne News</i> . 5.55 <i>Tyne News</i> .
12.12 <i>Weather</i> . 12.15 <i>Grandstand</i> . Introduced by Steve Rider. 12.20 <i>Football Focus</i> : Bob Wilson previews the coming week's World Cup qualifying action. 1.00 <i>News</i> . 1.05 <i>Boat Race</i> . 1.10 <i>World Championship</i> . 1.15 <i>Racing from Ascot</i> . 1.20 <i>Anglo-African</i> . 1.25 <i>Two-Year-Old Autumn Stakes</i> . 1.30 <i>Steeplechase</i> . 1.35 <i>Motor Sport</i> . 1.40 <i>Princess Royal Stakes</i> . 1.45 <i>Motor Sport</i> . 1.50 <i>Formula Three Championship</i> . 1.55 <i>Racing</i> . 2.00 <i>Gymnastics</i> . 2.05 <i>The Birmingham Classic</i> . 2.10 <i>Final Score</i> . Times may vary.	12.15 <i>Film: Gone to Earth</i> . A young Welsh girl marries a powerful minister, but secretly years for the local squire. Jennifer Jones stars (1950). 2.05 <i>Civilization</i> . This special re-run of Sir Kenneth Clark's acclaimed series begins with a look at the Dark Ages, which covered the six centuries after the Roman Empire collapsed, and examines the impact this period had on European art and life. 3.00 <i>Film: The Life and Death of Colonel Blimp</i> . Sentimental drama chronicling the career of a British soldier (Roger Livesey) through three wars. With Deborah Kerr (1943). 5.40 <i>Chasing the Light</i> . Behind-the-scenes look at the making of Kenneth Branagh's <i>Much Ado About Nothing</i> . 6.10 <i>Late August</i> . Highlights. 6.55 <i>DJ Heaven</i> . Profile of Tony Blackburn, the first disc-jockey to broadcast on Radio 1 when the station debuted in 1967. 7.25 <i>News and Sport: Weather</i> . 7.40 <i>World Chess Championships</i> . Short v Karpov. Karpov v Timman. Poems on the box introduction to a series of modern and classical poetry readings, featuring a selection of archive interviews with such influential figures as TS Eliot, Ezra Pound, WH Auden, Robert Graves, Alan Ginsberg and Philip Larkin. 8.50 <i>The Bigger Picture</i> . Sarah Dunant talks to the legendary Sir John Galsworthy about his life. 9.00 <i>Nick Stronach</i> . The Legend. Profile of the outspoken jazz singer and supporter of the black rights movement. 9.50 <i>The Old Devils</i> . Alan makes a last-ditch attempt to write a literary masterpiece, but finds criticism of his first manuscript hard to take. Rhiannon and Peter finally bring their affair out into the open. Andrew Davies' adaptation of the novel by Kingsley Amis, starring John Stride, James Croux, Ray Smith and Sheila Allen. 10.50 <i>Video Diaries</i> . 11.50 <i>Film: The Caretaker</i> . Screen adaptation of Harold Pinter's psychological drama. Donald Pleasence stars as a conning tramp who enters the lives of two brothers. With Alan Bates and Robert Shaw (1964). 1.45 <i>Close</i> .	1.00 <i>ITN News: Weather</i> . 1.05 <i>London Today: Weather</i> . 1.10 <i>Movies, Games and Videos</i> . 1.15 <i>Reviews of the week</i> . 1.20 <i>Conversations</i> . Starting Dan Aykroyd, and Whoopi Goldberg in <i>Sister Act</i> . A British prisoner of war is assigned to evacuate valuable elephants from a Munich Zoo during World War Two. Comic drama, starring Oliver Reed (1980). 3.30 <i>WCW Worldwide Wrestling</i> . Action with the American giants. 4.15 <i>ITN News: Results</i> . 4.20 <i>ITN News: Results: Weather</i> . 5.00 <i>London Today and Sport: Weather</i> . 5.15 <i>Baywatch</i> . Part two. Mitch undergoes physiotherapy to help him regain the use of his legs. David Hasselhoff stars. 6.10 <i>Gladiators</i> . Daring contenders from Belfast, Norfolk, Buckinghamshire and Stockport take part in another challenge of muscle power. 7.10 <i>Blind Date</i> . Love-struck contestants choose a would-be partner. 8.10 <i>Dame Edna's Neighborhood</i> . Watch the Australian master, aided by Midge and Sister Begood, invade another unsuspecting household's privacy. 8.40 <i>ITN News: Weather</i> . 8.45 <i>London Today</i> . 9.00 <i>The BBC Doc</i> . Carries out a drugs raid on the premises of an alleged crack dealer, and uncovers the truth behind a respectable young man leading a double life. 9.30 <i>The Best of Enemies</i> . Just minutes before tonight's big fight, Jonathan Ross referees a specially-recorded verbal sparring match between Chris Subank and Nigel Benn. Actor Mickey Rourke, who also plays as a super heavyweight, is joined by a posse of his friends to discuss possible tactics. 10.15 <i>The Big Fight</i> . Live. Nigel Benn takes on Chris Subank for the WBO and WBC Super Middleweight titles. 11.25 <i>Film: Smokey and the Bandit III</i> . Comedy adventure, starring Jackie Brown as Sheriff, who accepts a wild challenge to race from Miami to Texas in under 24 hours (1983). 1.00 <i>The Big Fight</i> . ITN News Headlines. 1.05 <i>The Big Fight</i> . ITN News Headlines. 2.50 <i>European Nine Ball Pool Masters</i> . 4.50 <i>BPM: Night Shift</i> .	1.05 <i>The Second World War</i> . Indian Olympic. The world and wonderful world of Inuit sports. 2.05 <i>Racing from York</i> . Coverage of the 215 Crowthorpe Handicap, 2.45 ANC Rockingham Stakes, 3.15 Coral Sprint Trophy (Hcap), and the 3.45 Corring Black Label Stakes (Hcap). 4.00 <i>World Chess Championship</i> . The latest moves from the Short v Karpov game at London's Savoy Theatre. 5.05 <i>Brookside</i> . News Summary. 6.30 <i>Right to Reply</i> . 7.00 <i>God: For and Against</i> . Sheena McDonald presents the first of two debates on the existence of God. Writer and former nun Karen Armstrong argues that the presence of evil in the world proves there cannot be a deity, while Father Herbert McCabe, lecturer at Oxford University, presents the opposing case. Live from Oxford University's divinity school. 8.00 <i>World Chess Championship</i> . Nigel Short v Gary Kasparov match at the Savoy Theatre in London. 8.30 <i>Where's Line</i> . In <i>Anybody Got Grease</i> . Brad Sherwood, Ryan Stiles and Coby Mochrie in another improvised battle of wits. 9.00 <i>The Camomile Lawn</i> . A friend's funeral prompts a family to remember events during 1958, when the arrival of Jewish refugees led to events that were to shape their lives for more than half a century. Another chance to see the steamy adaptation of Mary Wesley's novel, starring Felicity Kendal, Paul Eddington and Tim Fitzgerald. 10.05 <i>Rory Bremner: Who Else?</i> New series. The man of many faces brings his sharp observations to Saturday nights with this highly topical series, recorded the previous evening, which features such victims as Trevor McDonald, Geoff Boycott and Michael Grade. 10.50 <i>Film: Shogun</i> . Improbable racial drama, examining the relationship between a black jazz musician (Hugh Hurd) and his siblings, who are able to pass as white (1989). 12.35 <i>World Chess Championship</i> . 1.00 <i>Film: Platform</i> . An investigation reporter for a high society club and gives up his job, only to be joined with a life of Jose. Jean Harlow stars (1931). 2.35 <i>Close</i> .	ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES: ANGLES: 12.30 <i>News</i> . 1.00 <i>Anglia News</i> . 1.05 <i>Anglia News</i> . 1.10 <i>The Little House</i> . 1.25 <i>COOP</i> . 2.25 <i>Yogya to the Bottom of the Sea</i> . (1981) 3.45 <i>The A-Team</i> . 5.00 <i>Anglia News</i> . 5.55 <i>Anglia News</i> . CENTRAL: 12.30 <i>News</i> . 1.00 <i>Central News</i> . 1.05 <i>Central News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Granada Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Border News</i> . 5.55 <i>Border News</i> . 6.00 <i>Border News</i> . GRANADA: 12.30 <i>News</i> . 1.00 <i>Granada News</i> . 1.05 <i>Granada News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Granada Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Granada News</i> . 5.55 <i>Granada News</i> . ITV: 12.30 <i>News</i> . 1.00 <i>ITV News</i> . 1.05 <i>ITV News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>ITV News</i> . 3.05 <i>ITV News</i> . 5.00 <i>ITV News</i> . 5.55 <i>ITV News</i> . MIRAMAX: 12.30 <i>News</i> . 1.00 <i>Miramax News</i> . 1.05 <i>Miramax News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Miramax Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Miramax News</i> . 5.55 <i>Miramax News</i> . SCOTLAND: 12.30 <i>News</i> . 1.00 <i>Scotland News</i> . 1.05 <i>Scotland News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Scotland Sport Action</i> . 3.05 <i>Supersport of Wrestling</i> . 5.00 <i>Scotland News</i> . 5.55 <i>Scotland News</i> . TYNE: 12.30 <i>News</i> . 1.00 <i>Tyne News</i> . 1.05 <i>Tyne News</i> . 1.10 <i>Kick Off</i> . 1.40 <i>Tyne News</i> . 3.05 <i>Tyne News</i> . 5.00 <i>Tyne News</i> . 5.55 <i>Tyne News</i> .

SUNDAY

BBC1	BBC2	LWT	CHANNEL4	REGIONS
0.00 <i>Contax Pages</i> . 7.25 <i>The High Chaparral</i> . 8.15 <i>Breakfast with Frost</i> . 8.15 <i>Frost to Frost</i> . 8.30 <i>The Day</i> . 10.00 <i>See Head</i> . 10.30 <i>Winning</i> . 11.00 <i>Continental</i> . 11.30 <i>Measure for Measure</i> .	7.30 <i>The Really Wild Global</i> . 7.35 <i>Playdays</i> . 8.00 <i>System 93</i> . 8.25 <i>The Really Wild Global</i> . 8.35 <i>Blue Peter</i> . 8.50 <i>Albert the 5th</i> . 9.00 <i>The Really Wild Global</i> . 9.05 <i>Jonny Briggs</i> . 10.05 <i>Playdays</i> . 10.10 <i>The Really Wild Global</i> . 10.15 <i>Jonny Briggs</i> . 10.20 <i>Playdays</i> . 10.25 <i>The Really Wild Global</i> . 10.30 <i>Jonny Briggs</i> . 10.35 <i>Playdays</i> . 10.40 <i>The Really Wild Global</i> . 10.45 <i>Jonny Briggs</i> . 10.50 <i>Playdays</i> . 10.55 <i>The Really Wild Global</i> . 11.00 <i>Jonny Briggs</i> . 11.05 <i>Playdays</i> . 11.10 <i>The Really Wild Global</i> . 11.15 <i>Jonny Briggs</i> . 11.20 <i>Playdays</i> . 11.25 <i>The Really Wild 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I HAVE been on holiday, the last 10 days of which were split between three Cliché Med villages in Morocco: Marrakech, Ouarzazate and Agadir. This was my first experience of Club Med, and it left me mightily impressed. China's bid to stage the millennium Olympic Games may have been crushingly – and rightly – snubbed, but from what I saw in Morocco, China can derive solace and joy from the news that Club Med is to open its first holiday village there in 1995.

So happy was I in Morocco that I turned a blind eye to the cowering of Miss Lee, my Thatcherite executive assistant, who accompanied me on holiday and who filled her days and nights with an intense schedule of tennis lessons. Like most good Thatcherites, Miss Lee has a huge collection of exceedingly

short tennis frocks. However, it was not the lessons that attracted Miss Lee so much as the young Arab instructors. They kept her on till all hours, often till pearly dawn: I presume the courts were flooded.

Because Miss Lee had her hands full, I was left in peace to tackle a pile of books. The most enjoyable was Norman Lewis's latest volume, *An Empire of the East*, about travels in Indonesia. Lewis is regarded as the best living British travel writer. He has an infinitely sure touch, and is a wonderful reporter. Such a marvellous reporter that he has given me a big idea.

The idea struck me on Page 148. Lewis is in Jayapura, in Irian Jaya, hoping for a *surat jalan* (per-

mission to travel) for the central highlands. Given its location, says Lewis, you would think that Jayapura would have been "full of the remembrance of things past, of jaded pretension, of the stage scenery of a tropical *fin-de-siècle* and dignified decline."

Nothing could be less true. Jayapura has no attractions. Some Indonesians see it as the Siberia of the tropics. But at 6pm on a Sunday, Lewis suddenly noticed a frenzied rush to the shops.

"On offer everywhere were sporting trophies in the shape of cups of all sizes with lavish and often dis-

The plastic cup of friendship

Michael Thompson-Noel



objects I had ever seen in one place, but all were of plastic, although indistinguishable at a distance ... from the real thing."

What was going on? A young assistant came to Lewis's aid. "You see," he said, "normally these cups are being awarded for achievements of many kinds. For running like greyhound. For throwing ball into net. For lifting heavy weight with separate class for lady competitors. Always the purpose is to encourage athletic success."

"But not today, you say?"

"Today is special occasion for giving such cups as presents to

good friends. This, in Jayapura, is friendship day. If friendship is big, must be big. Oh yes, a man who receives much admiration may fill a room with them."

"But for every one he gets he must give one in return, isn't that so?"

"That he must do. That is natural thing."

"Well at least it's good for husband."

"Oh yes. On friendship day we are being given shot in arm."

It struck me, as I read this, that what we need most is our own friendship day. This is a sad and weary planet ruled by a sad and weary species. In Britain, especially, we are consumed by self-dis-

gust. We look with revulsion at

everything around us, at what we have become.

Which is why I am setting great store by a British friendship day. Perhaps it will be next June. It is a balmy, friendly month. I am reasonably sure that Woolworth's sells plastic sporting trophies amid all its other rubbish. On national friendship day we shall give one to each friend. The bigger the friendship, the bigger the cup. And we shall utter something suitable, a mantra as it were – perhaps "God bless John Major."

I mentioned my scheme to Miss Lee. It was dawn in Agadir. The light was milky-pearly. She had just come in from her lesson. Her hair and frock were rumpled. There were circles under her eyes. I said: "This is probably our final chance. Miss Lee. We need a national friendship day. It will prove a shot in the arm."

■ *An Empire of the East*, Jonathan Cape, £16.99.

Private View/Christian Tyler

A lifetime of learning in UN hotspots

TO TRAVEL without a bodyguard is wonderful, said Margaret Anstee as she jetted off to her mud-brick house on the shores of Lake Titicaca.

Why should a 67-year-old Englishwoman retire to live alone among the Aymara Indians 4,000 ft up in the Andes? It's a character out of Evelyn Waugh, I said.

She laughed girlishly: "Oh, please!", but added: "Well, it is slightly mad."

The path to her Bolivian Shangri La has been extraordinary. It began in a village in Essex, traversed some of the world's worst trouble spots and disaster areas, and ascended almost to the summit of the United Nations. Her last assignment for the UN, which ended in June, was the globe's bloodiest conflict – Angola.

This week she landed in Bolivia from Williamsburg, Virginia, where she was awarded the Reves Prize for her contribution to world peace. She moves in to the adobe house next week.

At first she resisted when a friend suggested she build on the acre of land she had bought overlooking the lake and the peaks of the Cordillera Real.

"But it was a wonderful day," she said, "and the air is rather like champagne – what there is of it. So I thought OK, I also thought, I don't have any children and surely I can have a few little dreams in my life? And if it doesn't work out nobody suffers except me."

I asked: Can you manage on your own, fix things yourself?

"Oh, there are lots of people round about. The only problem is that the local community may regard me as a kind of billionaire and think I'm going to be able to do things for them which are rather beyond my means."

She has done, and will continue to do, things for them (there is a hospital named after her), has taken Bolivian citizenship, and will act as an unofficial adviser to the government in La Paz.

"After the traumatic experience of Angola it's going to be

very nice trying to help people to live better rather than ineffectually trying to stop them killing one another."

There is nothing spinsterish about Miss Anstee. She bounced into the lobby of her London club wearing an outlandish trouser suit which showed off her long, slim legs. She is physically attractive and has a luminous smile. For Sam her make-up was a touch theatrical (she once wanted to be an actress and there was, after all, a camera to be faced).

She is the only child of working class parents – her father was a print compositor – from Writtle, outside Chelmsford.

A round of increasingly senior postings took her through Latin America – she was in Chile during the Pinochet coup – and North Africa, whence she was detached to the relief operation following the Bangladesh flood of 1973.

Later, from administrative posts in New York and Vienna she was flown out to co-ordinate aid after the Mexican earthquake, the Chernobyl nuclear disaster and the Kuwait oil-well fires.

But Angola, she said, was the toughest job. With a limited mandate, small budget and inadequate manpower, the UN monitoring team she led was incapable of buttressing any accord reached by the government and the Unita rebels. Having chaired six weeks of negotiations and secured agreement on all but one of 38 points – the terms of Unita withdrawal – she was told there would be no UN troops available for at least six to nine months after a ceasefire.

"What was I supposed to do? Was I supposed to say 'you are very good boys. Thankyou very much. Now be very good, stay where you are and if you really behave in nine months we will provide a nanny for you?'"

A big danger is that rebels everywhere are looking at Bosnia and seeing what they can get away with.

Perhaps our hopes of the UN are much too ambitious, I said. "No, I don't think they're too ambitious. It seems to me those hopes reflect what the UN ought to be doing. The problem is the hopes are not accompanied by a true political will to give the UN the wherewithal."

Angola has some very important lessons for the UN. Member states in a way are half-hearted about peacekeeping. When it comes to the point they are not really ready to put up the mandate or the resources.

The UN secretariat was always under fire, she said. Seldom did critics remind themselves that it could do only what member states allowed it to.

Margaret Anstee is the UN's first woman field officer, the

first to become an under secretary-general and the first to head a peace-keeping mission. Her peripatetic career would have been impossible with husband and children. Was it a big sacrifice to make?

"I think in retrospect, yes. But you were not so conscious of it at the time."

You're going to live alone on Lake Titicaca, I said. Would it have been nice to have someone to take with you?

"Of course. But the person I would have liked to take is dead," she paused. There were tears in her eyes. "He died... in January, '91."

She was referring to Sir Robert Jackson, the Australian born UN under-secretary who met in the late 1960s and with whom she lived for 20 years. He was formerly married to the economist Barbara Ward.

I apologised for upsetting her. "That's alright," she said. "But let me add another thing. I have also had tremendous satisfactions. And I want to say this because everyone's hammering the UN. I don't regret it because I have met many marvellous people and I have had a very, very interesting life."

Can women bring something different to the job?

"Yes, I think they can. I'm all for women's advancement, but not in the sense of trying to ape the men and out-strip

them at their own game. Governments always had to have their arms twisted to accept me. But if you proved yourself afterwards, in some ways, it was easier for a woman."

Because men are putty in a woman's hands?

She laughed. "I wouldn't say that. Unita weren't exactly putty in my hands. Nor were the Angolan government, for that matter. But I think there is something in that."

"Savimbi always said to me 'We have a great respect for women and we regard you as the mother of this process.' Of course when I said things that did not please Unita, the wrath turned against the mother."

"Unita radio called me a prostitute, a smuggler of diamonds, a smuggler of mercury – I didn't know one could smuggle mercury – that I had arrived a poor woman and was leaving a rich one. And that a stray bullet would find me."

"Some on the government side said they were glad because a woman would show more sensitivity to the human suffering."

"These are simplistic views. There are many women who are completely impervious to human suffering just as there are many men who feel very strongly about it."

Margaret Anstee has faced death – her own as well as



Tony Addison

Margaret Anstee, the UN's first woman to head a peace-keeping mission, talks about her peripatetic career

They invested everything in her at a time when money was thought wasted on a girl.

From the local girls' high school she won a place at Newnham College, Cambridge, where she took a First in modern and medieval languages. The British Foreign Office had just opened its doors to women and Anstee, to her surprise, passed through. There she met Ernie Bevin, the foreign secretary, and, more sensationally, the traitor Donald Maclean.

"I was the last person to see him the night he disappeared. Nobody ever questioned me about it. I had a very strange conversation with him when he said he wasn't going to be around the next day."

She switched to the UN and was rarely in England again but for a year as economics adviser to Harold Wilson at Number 10 under Lord Balogh. (She had taken an external degree in economics at London University, sitting the final exams in the British embassy in La Paz.)

Local television took a keen interest in the parliamentary rebellion without allowing excessive disruption of its output. When the main channel, Ostankino, had to break into its Sunday afternoon schedule to announce that a state of emergency had been imposed, it went back to a football match within three minutes.

Russia's second city, St

Petersburg, reacted calmly – the lead story there last weekend was the 50th anniversary of the lifting of the Nazi siege.

Further afield, the Poles were, as usual, steeped in gloom. "The shadow of the dramatic events in Moscow hangs over Poland," wrote *Zygie Warszawa*. "In this situation, the internal cohesion of

commentator. It was probably Kafka who pointed out originally that freedom of speech's greatest victories usually occur when the opposition's papers have been closed.

Yeltsin's opponents may have expected to find allies abroad in the old mouthpieces of other communist parties. This was not so. The Czech *Rude Pravo* said Ruzskoi and Khasulov had over-reached themselves. And, in Paris, *L'Humanité* was scarcely more helpful when it wrote: "Russia is on the path of third-worldisation and on the verge of transforming itself into a banana republic. And while these little chieftains struggle among themselves, the Russians slip into poverty."

A further sceptical west European note was struck at the other end of the political spectrum by *Handelsblatt*. This representative of the German business establishment said the west had to ask itself whether it had supported Yeltsin enough and criticised him enough.

This (admittedly somewhat indigestible) collection of comments helps to bring home a number of realities. Russia

probably does not feel itself to be on the edge of a cataclysm, and the course of events is not even regarded as extraordinary. Indeed, a nation with Russia's history in the 20th century would be hard put to define "extraordinary."

We see also that the Poles are far more scared of events in Russia than the Czechs who, these days, are two countries away. Germany is further away still, but inevitably more anxious: there were few signs of enthusiasm for Yeltsin's victory there. Typical French opinion was that nothing would be quite the same again, and that real power resided with the army. By comparison, the British papers seemed rather optimistic.

The real contrast, though, remains that between foreign assumptions of the huge importance of the events in Moscow and the restrained vision of the Russians themselves. The financial markets, incidentally, agreed with the Russians.

■ James Morgan is economics correspondent of the BBC World Service.

As they say in Europe / James Morgan

Just another everyday crisis

THE MOSCOW papers have had no shortage of material in the past couple of weeks: the shelling of the local White House, in particular, aroused a good deal of interest as was shown by the huge crowd of spectators it attracted. But the city's journalists take these things in their stride.

"Today's *Izvestia* focuses on developments around the former parliament building," wrote the Tass news agency in its press review the other day. The word "former" was, in fact, used even before President Boris Yeltsin's tanks set fire to the building so, plainly, Tass grasped the way things were moving.

The relaxed approach of the Russians and their media to supposedly epoch-making events is something that has been noted before in this column. This time, it was shown in the measured partisanship of different papers.

Pravda was naturally for the parliamentarians (and got banned as a result), while *Nezavisimaya Gazeta* on the whole backed the president. But even it thought that the "blockade of the House of Soviets..." is disgracing ns

before the whole world."

However, it was hard to disentangle where this paper – its name means *The Independent* – really stood but I gained some understanding when it became one of the first to be censored.

But I still needed the list of prohibited papers, as they appeared in the official decree, to be certain as to who opposed whom.

The pro-Yeltsin *Komsomolskaya Pravda* adopted an unusual position on the banning of *Rossiskaya Gazeta*, calling the situation "immoral." This, however, was because hundreds of thousands of people had paid their subscriptions to the end of the year and "now would not want to read the paper" even if they could.

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WINE MAKER'S NOTES

Captures the true varietal character of the grape, showing aromas and flavours of berry fruit, plum and spice.

Has a dry, smooth finish that's easily drinkable. Good with beef, lamb and pasta.

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